Orion Minerals

THE NEW GUARD IN SOUTH AFRICAN MINING

Building a 21st century zinc and copper producer within the footprint of a historic mining operation

ANNUAL REPORT

2018

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"A project like Prieska is a strong proposition. Plans are being advanced for a new mine design to feed into the bankable feasibility study that will provide the technical, operational, social and funding blueprint for a highly mechanised, modern zinc and copper operation, with production ideally timed to coincide with expected positive developments in global metal markets."

- Errol Smart, Managing Director & Chief Executive Officer, Orion Minerals

ABOUT THIS REPORT

This Annual Report is a summary of the operations, activities and performance of Orion Minerals Limited ABN 76 098 939 274 and its financial position for the period ended 30 June 2018. In this report, unless otherwise stated, references to Orion Minerals and 'the Company', 'we', 'us' and 'our' refer to Orion Minerals Limited.

Monetary amounts in this document are reported in Australian Dollar (AUD, $), unless otherwise stated.

INTRODUCTION
FORWARD-LOOKING STATEMENTS

This report may include forward-looking statements. Such forward-looking statements may include, among other things, statements regarding targets, estimates and assumptions in respect of metal production and prices, operating costs and results, capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements inherently involve subjective judgement and analysis and are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Orion. Actual results and developments may vary materially from those expressed in this report.

Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Orion makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this report. All information in respect of Exploration Results and other technical information should be read in conjunction with Competent Person Statements in this report (where applicable). To the maximum extent permitted by law, Orion and any of its related bodies corporate and affiliates and their officers, employees, agents, associates and advisers, disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this report, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

CORPORATE PROFILE

ORION AT A GLANCE

Orion Minerals is a polymetallic minerals exploration and development company with projects in South Africa and Australia.

Orion's flagship project is the advanced Prieska zinc-copper project in the Areachap Terrain, Northern Cape, South Africa.

The Company has a primary listing on the Australian Securities Exchange (ASX: ORN) and a secondary listing on the Johannesburg Stock Exchange (JSE: ORN).

KEY ACHIEVEMENTS

- We have delivered on our commitments across our assets.
- Prieska Project: On target to fast-track the project to development in 2019. Maiden JORC Mineral Resource delivered and Mining Right and environmental applications lodged. Resource drill-out program successfully advanced and near completion.
- Significant infrastructure confirmed to be intact, which will accelerate development plans and shorten time frames to mine production.
- Prieska Project bankable feasibility study progressing according to plan.
- Areachap Belt: Further exploration targets identified in the broader region.
- Strategic partnerships: Continued support of our cornerstone shareholder Tembo Capital with leading mid-tier ASX-listed mining company Independence Group (ASX: **IGO**) secured as a strategic partner.
- Community engagement: Strong engagement with the local communities and Siyathemba Municipality. Key driving principles are sustainability, entrepreneurship, impact and focus.

MAP OF PROJECTS

INTRODUCTION TO PRIESKA PROJECT

The Prieska zinc-copper project (**Prieska Project**) in the Northern Cape in South Africa is Orion's flagship project and is paving the way for a broader revival of further exploration of the valuable, geologically rich Areachap Belt, which in common with most of South Africa has been under-explored for over 35 years.

The area is infrastructure-rich with intact power, roads and water. Based on the world-class orebody at Prieska, the exploration results being generated and the benefits of the existing infrastructure, Orion plans to fast-track the development of the mine in 2019. The mine will use the latest technology and use of modern mining methods and exploration technology to identify additional mineral resources.

After the Prieska mine closed in 1991, the communities and industry in the area, the closest of which is 65km from the project site, were left isolated. Orion is fully committed to a wide-ranging community engagement program in preparation for a revitalisation of the region, with a focus on skills and enterprise development and the environment.

VALUES

- COMMITTED TO COMMUNITY ENGAGEMENT & CORPORATE SOCIAL RESPONSIBILITY (CSR)
- TECHNOLOGY ADVANCEMENT
- PIONEERING SPIRIT
- HEALTH AND SAFETY OF EMPLOYEES
- EDUCATION AND SKILLS DEVELOPMENT

PROJECT'S PHILOSOPHY



	PRIESKA (South Africa)	**DEVELOPMENT PROJECTS** (South Africa)	**FRASER RANGE** (Australia)
VISION	Fast-track to operational readiness and mine construction	Maximise the opportunity of the world class Areachap minerals belt	Leverage existing joint venture partner
PROGRESS	• Over 50,000m of drilling resulted in a maiden JORC Mineral Resource of 29.4Mt @ 3.8% Zinc, 1.2% Copper • Lodged Mining Right and Environmental Applications • Metallurgical test work - Flowsheet development phase of metallurgical studies successfully completed - Validation and optimisation work underway	• Focussed ongoing explorational program • Secured mid-tier miner, Independence Group (IGO), as a strategic partner - IGO have preferential rights should Orion decide to joint venture or sell any of its nickel projects - IGO increased its shareholding in ORN to 8% through a $5M share placement • Airborne Electromagnetic Survey (**AEM**) identified several high priority targets for follow-up work	• Secured a strong mid-tier miner, Independence Group (ASX: **IGO**) as a joint venture partner in 2017 - Free carried to completion of pre-feasibility study - IGO responsible for all exploration on the tenements, providing regular updates to Orion of its activities and results
CORPORATE STRATEGY	• Complete a bankable feasibility study • Ongoing drilling targeting to expand and upgrade the Prieska Project Mineral Resource	• Continue the regional exploration opportunity surrounding Prieska • Masiqhame & Namaqua-Disawell provide significant potential to operate as satellite deposits to Prieska in the future • Progress highly prospective regional Nickel-Copper-Cobalt and Zinc-Copper projects	• Targeting ultramafic nickel/copper discoveries

LEADERSHIP

CHAIRMAN'S REPORT

DEAR SHAREHOLDER,

I am pleased to report on what has been an exceptionally busy and positive year for Orion, during which we made considerable progress towards our goal of becoming a new mid-tier base metals producer based on the planned redevelopment of the Prieska zinc-copper project, located in the Northern Cape region of South Africa.

At the centre of the year's activities was the significant progress achieved and the positive results delivered on the multiple components of the bankable feasibility study (BFS) for the Prieska Project. Our Managing Director, Errol Smart, and Chief Operating Officer, Walter Shamu, have successfully assembled a very talented team which has worked long and hard to achieve what many would not have thought possible.

As at September 2018, an impressive 83,000 metres of drilling had been completed on the Deep Sulphide Target at Prieska, with the balance of the resource drilling scheduled to be completed by mid-October 2018.

An interim JORC Mineral Resource estimate comprising 29 million tonnes at an average grade of 3.8% zinc and 1.2% copper was released in April 2018 – a significantly larger resource than we anticipated when we first acquired the Prieska Project in early 2017. This positive result has provided a strong foundation to progress the development of the project and advance the BFS.

An updated and higher category Mineral Resource estimate, which will be incorporated in the BFS, is scheduled to be completed by December 2018, paving the way for completion and delivery of the BFS itself in Q2 2019.

In addition to the resource drilling at Prieska, which was undertaken using up to twenty diamond drill rigs for extended periods, the Prieska team successfully opened the historical underground mine to evaluate the shaft and underground infrastructure, including multiple declines. Importantly, this work has confirmed that much of the infrastructure is in excellent condition and, as such, can be utilised in developing the new mine with significant cost savings.

Other positives for the Project during the year included:

- Lodgement of the Mining Rights applications in April and September 2018;
- Very strong community engagement with a focus on progressing education and skills;
- An excellent health and safety performance, with no lost time injuries during the year;
- No environmental incidents recorded during the year;
- Excellent metallurgical test work results for the Prieska Deep Sulphide resource; and
- Excellent progress on several other fronts with plant design and process flowsheet development; geotechnical design studies; mining methodologies and design; mine de-watering; rock hoisting; power supply; and general infrastructure and services all advancing well and in line with expectations.

In addition to the flagship Prieska Project, the Company has secured a large ground package in the Areachap Belt of the Northern Cape, which is highly prospective for VMS zinc-copper and intrusive nickel-copper-cobalt-PGE sulphide discoveries. Many advanced targets generated from Orion's major regional airborne geophysical survey are currently being drill tested and we are encouraged by the potential to make further significant base metal discoveries in this under-explored region.

On behalf of the Board of Directors, I would like to thank Errol and his dedicated team of employees and consultants for their significant contribution to what has been achieved during the past year, which has well and truly positioned the Company to make the transition from explorer-developer to mid-tier miner.

I also thank my fellow directors for their contribution and support and you, our shareholders, for your ongoing support of the Company.

Yours faithfully,

DENIS WADDELL
Chairman

At the centre of the year's activities was the significant progress achieved and the positive results delivered on the multiple components of the bankable feasibility study for the Prieska Project.

...an exceptionally busy and positive year for Orion,...

LEADERSHIP
BOARD OF DIRECTORS

DENIS WADDELL
Chairman

Denis is a Chartered Accountant with over 35 years of experience in corporate finance and management of exploration and mining companies. He founded Tanami Gold NL in 1994 where he was first Managing Director, then Chairman and Non-Executive Director until 2012. Prior to this, Denis was Finance Director of the Metana Minerals NL group.

ERROL SMART
Managing Director and Chief Executive Officer

Errol is a geologist, registered for JORC purposes. He has over 25 years of industry experience across all aspects of exploration, mine development and operation, with a key focus on gold and base metals throughout Africa and in Australia. Errol has held positions in African Stellar, LionGold Corporation, Clarity Minerals, Metallon Gold, Cluff Mining and Anglogold.

ALEXANDER HALLER
Non-Executive Director

Alexander is a partner of Zachary Capital Management, providing advisory services to a number of private investment companies, including Silja Investment Ltd, focusing on principal investment activities. From 2001 to 2007 Alexander worked in the corporate finance division at JP Morgan Chase & Co. in the USA, as an advisor on mergers and acquisitions, and financing in both equity and debt capital markets.

MARK PALMER

Non-Executive Director

Mark has 12 years of experience working with entities in Australia, and 8 years with Dominion Mining. He previously worked with NM Rothschild & Sons Limited for the London mining project as part of the finance team where he was responsible for assessing mining projects globally. He later moved to the investment banking team at UBS, where his focus was global mergers and acquisitions, and equity and debt financing. He also ran the EMEA mining team at UBS, later joining Tembo Capital in 2015 as Investment Director.

MICHAEL HULMES

Non-Executive Director

Michael is a mining engineer with over 30 years' experience. Having held senior management roles in Australia, Papua New Guinea, Portugal, Spain, Saudi Arabia, Africa and China, he has extensive knowledge of zinc, copper, gold and nickel mining operations. As Managing Director, Michael was responsible for the large Neves-Carvo VMS Copper Zinc and Aguablanca Copper Nickel Mines for Lundin Mining in Portugal and Spain respectively. Prior organisations include Ok Tedi Mine in Papua New Guinea, Citadel Resources in Saudi Arabia and Barrick in Australia. He was most recently the General Manager of the Caijiaying Zinc/Gold Mine at Hua Ao Mining Industry Company in China.

SENIOR MANAGEMENT

WALTER SHAMU

Chief Operating Officer

Walter is a mining engineer with a B.Eng (Mining Engineering) and a Masters in Engineering (Rock Mechanics) from Curtin University as well as an LLB (Law) from Macquarie University in Australia. He spent 12 years in the Australasian mining industry with Henry Walker Eltin, Western Mining and Gold Fields before moving to South Africa, where he has held technical and corporate roles with Gold Fields, ERG and Taurus Gold on exploration projects, mine development and mining operations throughout Africa.

MARTIN BOUWMEESTER

Chief Financial Officer and Company Secretary

Martin is an FCPA with over 20 years' industry experience in exploration, mine development and operation. He was previously the Chief Financial Officer, Business Development Manager and Company Secretary of Perseverance Corporation Limited. Martin was a key member of the team which evaluated the sulphide mineralisation at the Fosterville Gold Mine; an initiative that led to the discovery of more than 3 million ounces of gold and the funding for the development of the mine and processing plant to exploit these resources.

LOUW VAN SCHALKWYK

Executive: Exploration

Louw holds a BSc Geology Honours degree from the University of Stellenbosch. He started his career as a geologist with Gold Fields of South Africa, then worked as an exploration consultant for Anglo American. He served as technical director on the boards of two junior exploration companies before joining Vendanta Zinc International. Louw specialises in structural and exploration geology and was part of the team that discovered the 60 Mt Gamsberg East Zinc Deposit in 2005, which is one of the highlights of his career. Other notable achievements include the discovery and drill out of the 250,000 oz Byumba Gold deposit in Rwanda in 2008.

NELSON MOSIAPOA

Group Corporate Social Responsibility Advisor

Nelson studied chemical engineering at Peninsula University of Technology. As an advanced policy scholar of science and technology, he served on the policy unit of the governing party in the Republic of South Africa prior to the first democratic elections. His professional career started at Sasol Petroleum as a gasification process controller and then a learner official at Anglo American/De Beers. He is also the founder and trustee of the Mosiapoa Family Trust, a private and investment equity company in the resources sector with assets featured on the JSE.

MICHELLE JENKINS

Executive: Finance & Administration

Michelle is both a geologist and a Chartered Accountant with over 20 years' experience in exploration and mining. She holds an Honours Degree in Geology from the University of the Witswaterand and Bsc Hons in Accounting Science from the University of South Africa. Michelle has substantial experience working as a geologist prior to joining KPMG's mining group as a Chartered Accountant. She was also the Chief Financial Officer at Taurus Gold and held the role of Chief Financial Officer with a number of exploration and mining companies throughout Africa. She was previously a director within the Clarity Capital Group and an executive director of Pangea Exploration. Michelle offers a wealth of knowledge in resource risk management and mitigation as well as strategic leadership and has been involved in operating resources ventures.

BUSINESS REVIEW

BUSINESS REVIEW
CORPORATE SOCIAL RESPONSIBILITY

OUR PEOPLE AND COMMUNITIES

Orion Minerals is committed to sustainable practices and social, economic and environment upliftment in the environments in which it operates. The Company is a catalyst for socio-economic development and strives for:

SUSTAINABILITY

ENTREPRENEURSHIP

IMPACT

FOCUS

The Company considers its relationships with local communities to be as important as the technical and commercial needs of the organisation. During the 2018 financial year, the Company continued constructive engagements with local government and communities in preparation for mine development and revitalisation of the region.

SIYATHEMBA MUNICIPALITY

In October 2017, a memorandum of understanding (**MoU**) was signed with the Siyathemba Municipality. The MoU aims to facilitate collaboration on community and social investment projects in the vicinity of the Prieska Project.

A Steering Committee (**Steercom**) was constituted to administer the MoU. The Company uses this forum, amongst others, to act as a catalyst for local economic and social development. The Steercom has met regularly during the reporting period with focus areas including:

- Education: The Company engaged with various stakeholders to align efforts in improving the provision of education services in the region, including the development of a plan to introduce e-learning through the application of the EduVOD satellite education content solution into Prieska schools. In May 2018, the Company facilitated a visit for representatives of the Siyathemba Municipality and the Northern Cape Provincial Department of Education to an established EduVOD Learning Centre in KwaMashu, KwaZulu-Natal Province. This enabled a shared understanding of the potential for the proposed EduVOD satellite education content initiative.
- Water infrastructure: A MoU has been signed with the Siyathemba Municipality securing long term water supply for the Prieska Project in return for a commitment by the Company to upgrade the municipal waterworks to meet the Project's requirements. This will additionally benefit the community as a whole. A Steercom Water Infrastructure Sub-Committee has been formed to draft a supply agreement in time for the conclusion of the Company's BFS.

- Residential development: A Steercom Residential Development Sub-Committee has been established to ensure that the Company's accommodation requirements are integrated with the Siyathemba Municipality residential development strategy.
- Environment: The Company has also been instrumental in reinvigorating the "Prieska Greening Committee", which aims to improve the physical environment and hence living conditions for Prieska residents. A non-profit company has been registered (Prieska Greening NPC) and the Company is facilitating the provision of legal assistance in the formulation of a memorandum of incorporation (MOI) and a service level agreement (SLA) between the Prieska Greening NPC and the Siyathemba Municipality, which together will provide the framework through which the greening objectives are achieved. In the meantime, the greening initiative was initiated with the Company's active involvement, through successful Arbor Week activities during September 2018. These included the planting of shade and fruit trees and the establishment of backyard vegetable gardens for indigent members of the community.

In March 2018, the Company presented the Prieska Project Social and Labour Plan (**SLP**) to the Siyathemba Municipal Council. The SLP encompasses the commitments the Company will make with respect to undertaking local economic development and the skilling of its workforce when mining operations commence. The SLP is thus an integral and mandatory component of the Mining Right application. The Municipal Council passed a resolution providing unconditional endorsement of the project SLP. This endorsement was submitted together with the SLP to the Department of Mineral Resources as part of the Mining Right application in April 2018.

In April 2018, the Company hosted the Siyathemba Mayor, councillors and municipal managers for an orientation site visit of the Prieska Project. The visit included a tour of the underground workings, the surface infrastructure and the drill rigs engaged in the Deep Sulphide drilling program.

COMMUNITY LIAISON

An Orion Minerals community liaison office was established in Prieska during October 2017. The office is a point of contact and communication for the community and the Company and is a base for sharing information to the surrounding community on the progress of development operations at the Prieska Project.

In support of stimulation of economic growth through enterprise development, the Company will look to source services and supplies from local community businesses. Potential local suppliers of goods and services are encouraged to register online using the electronic supplier database, the Supply Chain Network (SCNet) portal. Internet facilities are provided at the community liaison office to facilitate the online registration of the local businesses. At the time of reporting, over 80 businesses were registered, of which more than 50 are located in the Siyathemba area. The Company will utilise this portal to assess the capabilities of local enterprises to fulfil the future requirements of the mine.

In August 2018, the Company organised an educational seminar for small, medium and micro-sized enterprises (SMMEs) and non-governmental organisations (**NGOs**) in Prieska. Presenters included the Department of Economic Development and Tourism (DEDAT), South African Revenue Services (SARS) and the Industrial Development Corporation (IDC). The event was well attended with more than 70 representatives from the Prieska business and NGO communities. The Company plans to continuously facilitate local enterprise education and development.

Community members seeking future mine employment can submit their curricula vitae and expressions of interest at the community liaison office. At the time of reporting, the Company has a database of over 550 curricula vitae. Analysis of the local skills base is underway as an input into the human resource and skills development plan required for the BFS and to meet the SLP commitments.

The Company also hosted an informal function in the town of Copperton for local residents during which Company management provided a progress update on the Prieska Project.

Discussions with various stakeholders, seeking to secure long-term access to land on which the Prieska Project will be developed, were initiated and are continuing in good faith.

BUSINESS REVIEW
REVIEW OF OPERATIONS

SOUTH AFRICA

INTRODUCTION TO THE AREACHAP BELT PROJECTS

The main focus of Orion Minerals' (**Company**) activities has been at the Prieska Project in the Northern Cape Province of South Africa, situated approximately 290 km south-west of the city of Kimberley (Figure 1). The Prieska Copper Mine operated as an underground mine, exploiting the Prieska Deposit between 1971 and 1991, producing 1.01 million tonnes of zinc and 430,000 tonnes of copper in concentrates[1].

The Company is currently investigating the feasibility of creating a new mine in the footprint of the historic Prieska Copper Mine, utilising the extensive remaining infrastructure, with the intent of extracting the unmined zinc-copper mineralisation at the Prieska Deposit. The Prieska Deposit is a volcanogenic massive sulphide (**VMS**) style deposit with significant remaining potential. The Company has now delineated a JORC-compliant Mineral Resource of both near-surface and underground mineralisation. The drilling campaign is continuing, and an updated Mineral Resource is expected to be released in Q4 2018. A bankable feasibility study is in progress, investigating both underground and open-pit mining methods along with the associated infrastructure, environmental and community studies and concentrate marketing arrangements. The BFS is expected to be completed during Q2 2019 and Mining Right Applications have been lodged for the Project with approvals expected by the end of Q2 2019.

Figure 1: Project location within the Northern Cape Province of South Africa. Prieska Project located approximately 290 km SW of Kimberley

In addition to brown-fields exploration in the vicinity of the Prieska Project, three green-fields exploration projects are underway to the north of the Prieska Deposit, in the prospective Areachap Belt. The Company is currently exploring for VMS zinc-copper and mafic hosted nickel-copper deposits on the Masiqhame and Namaqua-Disawell tenements, where diamond drilling is currently testing high potential nickel targets. On the third project, the Marydale gold-copper project, historical data is being re-interpreted and the economic potential re-assessed.

[1] Note: This is not a JORC compliant figure. Source: Prieska Copper Mines Ltd Annual Report 1970.

HEALTH AND SAFETY

Health and safety performance on all Company projects was excellent, with no lost-time injuries reported during the year. An aggregate of approximately 330,000 hours were worked for the year.

A summary of the hours worked is shown in Table 1.

Table 1: Hours worked on the Company's operations, with the lost-time injury frequency rate (LTIFR) for the 2018 FY being 0.

CATEGORY OF WORK	FY 2018 (hours)
Exploration	314,239
Mine Re-Entry	15,604
TOTAL	**329,843**

ENVIRONMENTAL MANAGEMENT

No environmental incidents were recorded at any of the Company's projects during the year.

An excellent health and safety performance...

PRIESKA ZINC-COPPER PROJECT (PRIESKA PROJECT)

OVERVIEW

The Prieska Project, located 290 km south-west of Kimberley in the Northern Cape Province of South Africa, remains the focus of the Company's activities and is at an advanced stage of feasibility studies (Figure 2). Through two subsidiary companies, Repli Trading No 27 (Pty) Ltd and Vardocube (Pty) Ltd, the Company holds a 73.3% interest in the Repli Prospecting Right (**Repli**) and a 70% interest in the Vardocube Prospecting Right (**Vardocube**).

Together, these two mineral tenements cover the unmined dip and strike extensions of the Prieska Deposit, a VMS body mineralised with zinc and copper. The deposit has significant remaining potential, having been partially exploited when Prieska Copper Mine Limited operated as an underground mine between 1971 and 1991. The Company is focused on fast-tracking the Prieska Project to production.

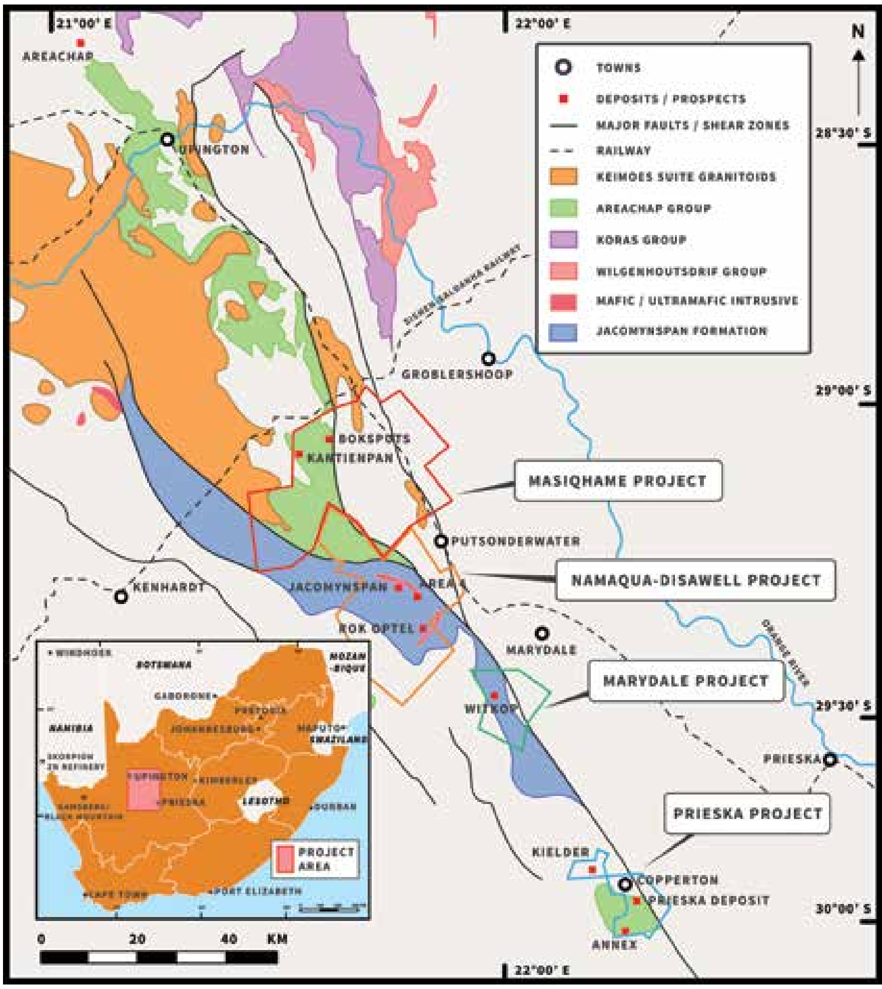


Figure 2: Location of the Company's Areachap Belt Projects, South Africa, consisting of the Masiqhame, Namaqua-Disawell, Marydale and Prieska Projects.

During the year, resource drilling continued, aimed at confirming zinc and copper mineralisation within those parts of the Prieska Deposit not mined or sufficiently explored by previous owners, both at depth (**Deep Sulphide Target**) and near-surface (**+105 Level Target**) (Figure 3).

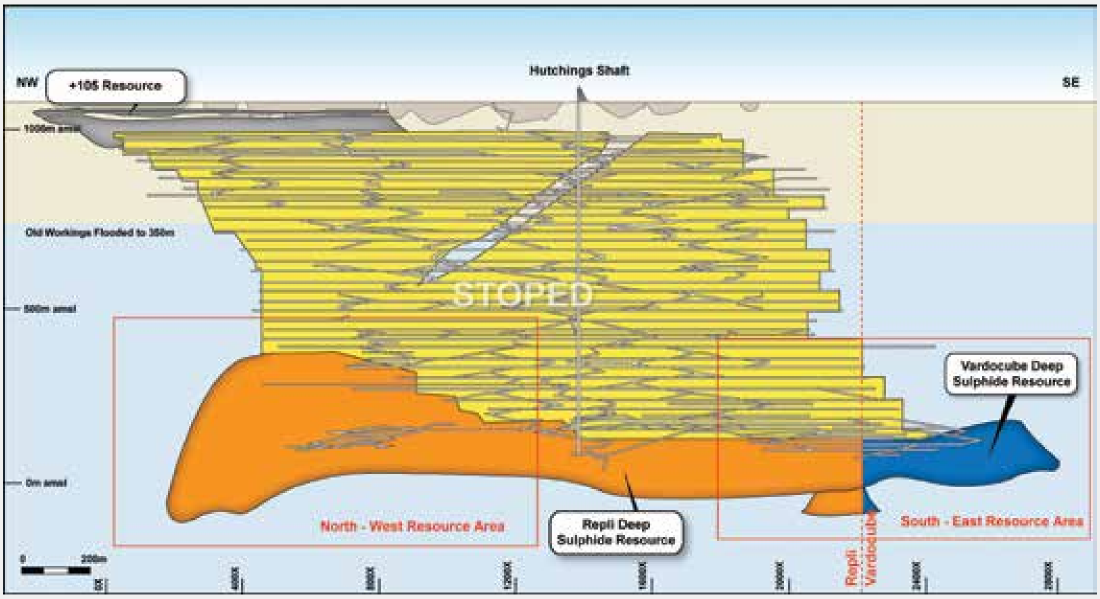


Figure 3: Longitudinal projection of the Prieska Project showing the +105 Open Pit Target and the Deep Sulphide Target on the Repli and Vardocube Prospecting Right areas. The areas blocked in red are enlarged in Figures 4 and 5 and show the intersection points of the drill holes reported in this report.

Drilling within Vardocube, which encompasses the south-eastern strike extension of the Deep Sulphide Target, commenced soon after the granting of the prospecting right on 4 April 2018 (refer ASX release 4 April 2018).

Resource drilling at the +105 Level Target was completed in October 2017 and a maiden total Mineral Resource for the Prieska Project was reported in February 2018 (refer ASX release 8 February 2018). Resource drilling continued at a rapid pace at the Deep Sulphide Target and an updated Deep Sulphide Mineral Resource was reported on 9 April 2018 (Table 2; refer ASX release 9 April 2018).

Infill drilling to increase sample density in the Deep Sulphide Mineral Resource then continued with the aim of sufficiently upgrading the Mineral Resource estimate categories to support a mine feasibility study. Infill drilling is scheduled for completion in Q4 2018. For further information in relation to the Company's Mineral Resources, refer to the Ore Reserve and Mineral Resource Statements section of this report (below).

Table 2: Total Mineral Resource table for the Prieska Deposit

GLOBAL MINERAL RESOURCE FOR PRIESKA PROJECT - Repil Trading No 27 (Pty) Ltd & Vardocube (Pty) Ltd										
			Zn		Cu		Ag		Au	
	Classification	Tonnes	Metal tonnes	Grade (%)	Metal tonnes	Grade (%)	Metal ounces	Grade (g/t)	Metal ounces	Grade (g/t)
Deep Sulphide Repli*	Inferred	22,600,000	839,000	3.7	266,000	1.2	6,904,000	9.5	153,000	0.2
Deep Sulphide Vardocube**	Inferred	5,200,000	253,000	4.9	67,000	1.3	1,627,000	9.7	35,000	0.2
105 Supergene Repil*	Indicated	1,200,000	32,000	2.6	30,000	2.4	348,000	8.7	9,000	0.2
105 Oxide Repil*	Inferred	300,000	2,000	0.9	2,000	0.6	17,000	1.8	1,000	0.1
Total Global		29,400,000	1,126,000	3.8	365,000	1.2	8,896,000	9.4	198,000	0.2

Notes:
All Mineral Resources reported at Zero Cut-off.
Rounding as required by reporting guidelines, may result in apparent differences between tonnes, grade and contained metal.

*Refer ASX release 8 February 2018; ** refer ASX release 9 April 2018.

The BFS and environmental impact assessment (**EIA**) commenced in July 2017, with expert consultants appointed to lead these work streams. The BFS and EIA are being conducted in parallel with the resources drilling program and are scheduled to be completed by Q2 2019. All activities are taking advantage of the substantial database and infrastructure remaining from historical mining operations at the Prieska Copper Mine.

Mining Right and Environmental Authorisation applications over Repli, based on conceptual mine designs, were submitted in April 2018. The stipulated time for such applications to be processed is 300 days from submission. The Mining Right and Environmental Authorisation applications for the Vardocube portion of the deposit were submitted in September 2018.

+105 LEVEL TARGET (OPEN PIT) RESOURCE DRILLING PROGRAM

The drilling program, designed to confirm, in-fill and extend near-surface historical drilling and targeting mineralisation expected to be amenable to open pit mining, was completed in October 2017. Supergene mineralisation, extending from near-surface to approximately 100 m below surface, holds an Indicated Mineral Resource of 1.2 million tonnes grading 2.6% zinc and 2.4% copper (refer ASX release 8 February 2018).

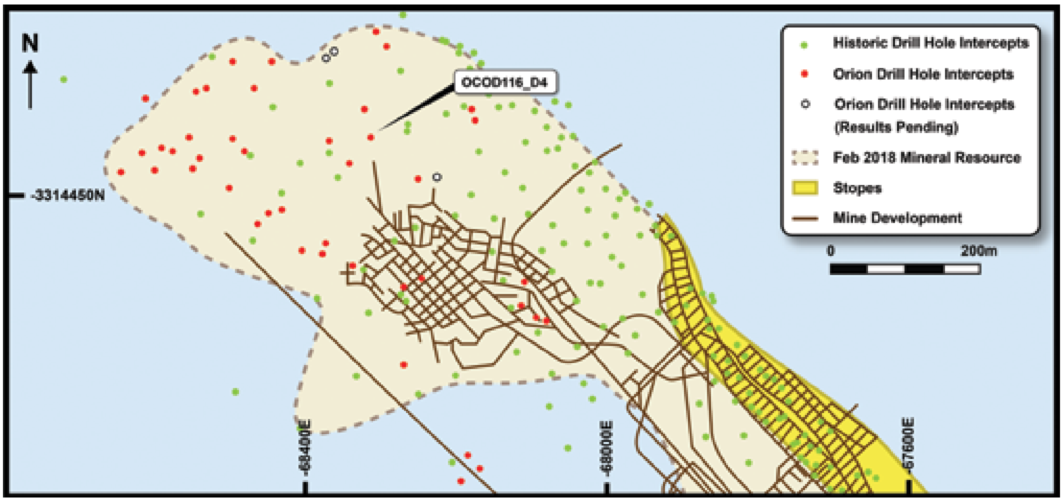
A total of 1,179 m of reverse circulation (20 holes) and 1,873 m of diamond core drilling (17 holes) was carried out by the Company (refer ASX release 12 December 2017, 17 September 2017, 6 September 2017, 25 May 2017, 16 December 2016, 7 December 2016, 2 November 2016, 14 September 2016, 22 August 2016 and 25 July 2016). Results of the last two diamond drill holes completed at the +105 Target, which returned high copper values, are shown below:

- 21.69 m at 0.17% Zn, 5.05% Cu, 0.18g/t Au and 6g/t Ag (OCOU075); and
- 13.33 m at 0.23% Zn, 3.08% Cu, 0.17g/t Au and 6g/t Ag (OCOU076).

DEEP SULPHIDE TARGET (UNDERGROUND) RESOURCE DRILLING PROGRAM

The Company continued with a major drilling program designed to evaluate the Deep Sulphide Target extending to 1.2 km below surface. 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 should add to infill data to meet the requirements of an Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition) (**JORC**) compliant Mineral Resource estimate. Inferred Mineral Resources of 22 Mt grading 3.7% Zn and 1.2% Cu at Repli and 5.2 Mt grading 4.9% Zn and 1.3% Cu were reported (refer ASX release 9 April 2018).

As at 12 September 2018, 73,940 m of diamond drilling and 9,462 m of percussion, pre-collar drilling have been completed on the Deep Sulphide Target (Figures 4 and 5). To date, the Company has announced drilling results of 33 mother drill holes and 28 deflections from the Deep Sulphide Target (refer ASX releases 18 September 2018, 16 July 2018, 19 February 2018, 1 February 2018, 12 December 2017, 8 November 2017, 9 October 2017, 5 October 2017, 17 September 2017, 6 September 2017, 27 July 2017 and 17 July 2017).



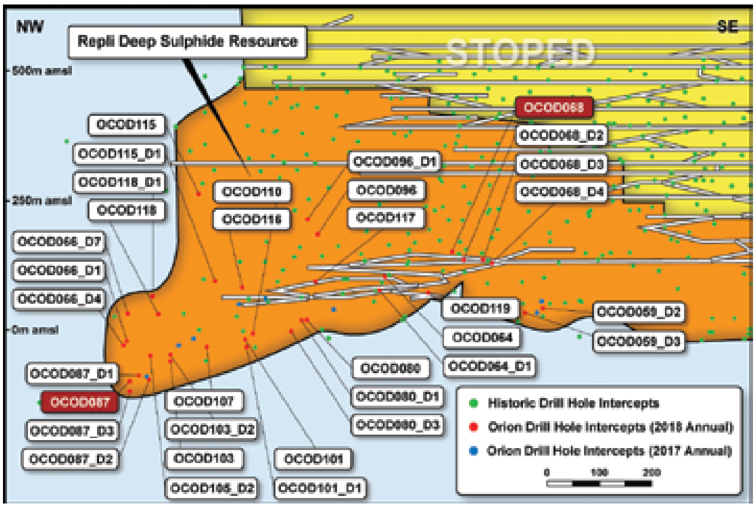


Figure 4: (Top), Plan of the North-West Resource area of the Prieska Project (Repli), showing drill hole intersection points in this report. (Left), Longitudinal projection of the North-West Resource area of the Deep Sulphide Target, showing the Company's drill hole intersection points reported in this report. Drill holes highlighted in red refer to those reported in Table 3.

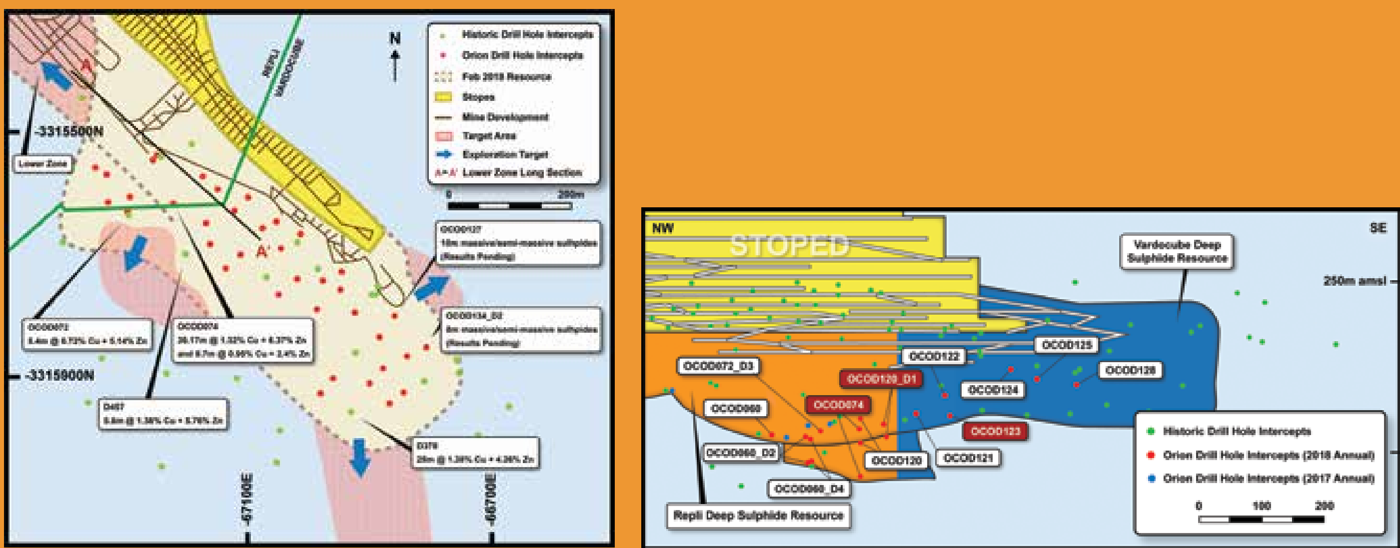


Figure 5: (Left), Plan of the South-East Resource area of the Prieska Project (Repli and Vardocube), showing drill hole intersection points in this report. (Right), Longitudinal projection of the South-East Resource area of the Prieska Project, showing the Company's drill hole intersection points reported in this report. Drill holes highlighted in red refer to those reported in Table 3.

During the current reporting period, drilling continued to intersect massive sulphide mineralisation with high copper and zinc tenors on both the Repli and Vardocube areas.

Notable results reported as at 12 September 2018 are shown in Table 3. In the north-west of the Deep Sulphide Target, down-hole electromagnetic (**EM**) surveying detected two off-hole conductors: one up-dip to the north-east, and the other parallel to the fold axis of the Prieska Synform (refer ASX release 6 September 2017). Follow-up drilling of the up-dip conductor intersected thick massive sulphides. Additional drilling successfully defined a thick, north-east trending lobe of massive sulphide mineralisation, both to the south-west and north-east of the intersections.

Table 3: Notable drill hole intersections from Deep Sulphide Target drilling at the Prieska Project (refer to ASX releases 18 September 2018, 16 July 2018, 19 February 2018, 1 February 2018, 12 December 2017, 8 November 2017, and 9 October 2017 for full list of drill results). All intersections are density and length weighted. Collar coordinates presented in this table are recorded in Lo23 WGS84 (whereby Lo is coordinate reference used in South Africa and WGS is the universal positioning reference system used by geologists).

DRILL HOLE	EAST (LO23 WGS84)	NORTH (LO23 WGS84)	FROM (m)	TO (m)	LENGTH (m)	CU (%)	ZN (%)	AU (g/t)	AG (g/t)
OCOD068	-68 335	-3 314 757	974.55	997.85	23.30	0.84	5.45	0.18	7
	including		977.65	992.00	14.35	0.38	6.15	0.19	7
OCOD074	-67 196	-3 315 596	1084.10	1085.65	1.55	3.10	0.16	1.48	44
			1103.63	1129.80	26.17	1.31	6.51	0.26	14
	including		1103.63	1115.04	11.41	0.92	7.69	0.19	9
			1184.70	1193.40	8.70	1.00	2.46	0.22	9
OCOD087	-68 641	-3 314 400	1121.20	1124.00	2.80	0.25	1.36	0.16	5
			1129.90	1142.35	12.45	1.12	5.17	0.25	11
OCOD120_D1	-67 148	-3 315 577	1084.30	1096.20	11.90	1.36	5.10	0.26	13
			1099.00	1100.40	1.40	2.20	3.46	1.06	18
			1115.70	1127.75	12.05	1.40	5.40	0.32	13
			1128.75	1130.90	2.15	0.27	6.53	0.10	4
OCOD123	-67 101	-3 315 689	1089.00	1095.35	6.35	1.12	8.31	0.19	10

Two drill holes located in the south-eastern part of the Deep Sulphide Target on Repli intersected thick massive sulphide mineralisation, as well as a second mineralised zone within the footwall (OCOD120_D1, Table 3). The full extent of this footwall mineralisation is still to be determined. The Company's first holes testing the south-eastern continuation of the Deep Sulphide Target on Vardocube intersected massive sulphides with high zinc and copper grades (refer ASX release 18 September 2018).

Drilling continues with completion of the program scheduled for mid-October 2018.

Drilling continues to identify areas with likely extensions of wide high grade mineralisation that warrant future follow up drilling.

FEASIBILITY STUDIES

The Prieska Project has advanced significantly since the Company commenced activities at the project in mid-2017 after a review of previous studies and the opening-up of the historical mine to gain access to the upper mining levels were completed in Q2 2017. Various workstreams are well advanced in defining the Mineral Resource, geotechnical design data, mining methodologies and layouts, metallurgical testing and flow-sheet design, mine de-watering, rock hoisting and general infrastructure and services. Concurrent with the technical studies, a social and labour plan has been prepared and endorsed by the local municipality, and specialist environmental studies have been carried out and submitted to the relevant authorities. Financial evaluation is well advanced, which is assisting in testing various scenarios around mining and processing capacity, cut-off grades and capital intensity.

The feasibility study team is led by DRA Projects SA Pty Ltd (**DRA**), and is augmented by PCDS Mining Consultants, Fraser McGill Mining and Minerals Advisory, METC Process Engineering Consultants, Mining Engineering and Technical Services at Shaft Sinkers Pty Ltd and the MSA Group to assist with mining, ore processing, shaft trade-off studies and Mineral Resources to Ore Reserves analysis.

UNDERGROUND MINING

Studies have progressed on both underground and open-pit designs and schedules to determine mineable tonnes based on the current Mineral Resources. For underground mining, a combination of long-hole open stoping and drift and fill mining are being considered using paste back-fill to maximise mining extraction. Mechanised mining equipment is planned to be utilised with a limited amount of rail transport leveraging off the existing infrastructure that remains from the historical operations. Design work is now focusing on determining the optimum mining rate to maximise project economics. Figure 6 shows the underground mine design in conjunction with the historical workings.

North West View

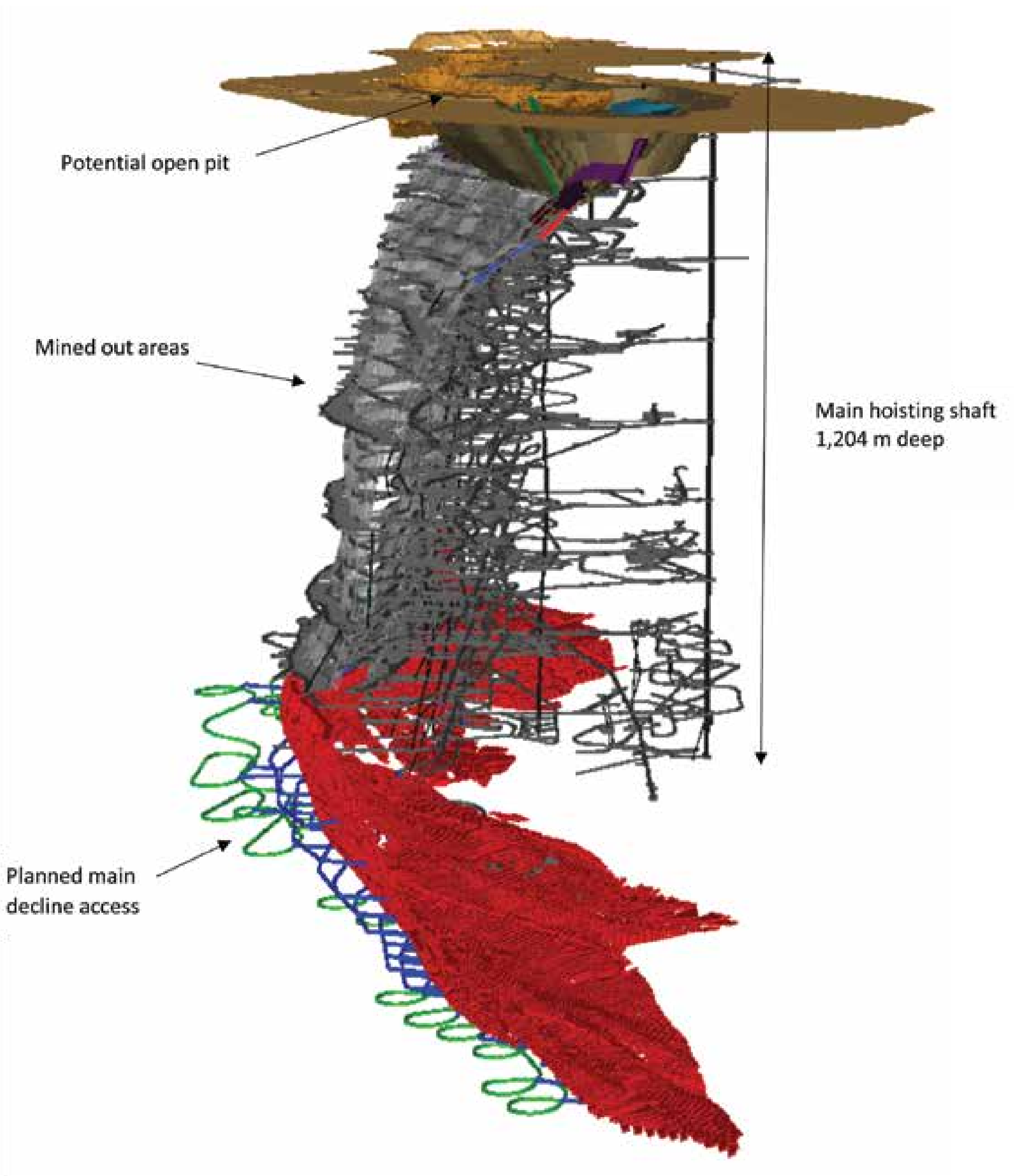


Figure 6: Underground mine layout including targeted zones for mining, both underground and open pit.

The existing Hutchings Shaft was used for rock hoisting and personnel and materials transport. This shaft, which is 8.8 m in diameter, concrete-lined, and 1,024 m in depth, is planned to be incorporated into the new designs. The shaft steelwork has remained in place and test-work carried out indicates that the current condition of the steel exceeded expectations (refer ASX release 2 February 2018). Further analysis is being conducted based on the test results, which will determine the amount of steel that needs to be replaced.

Ventilation simulations are underway to determine the air requirements for the proposed underground mining operation based on the planned mining machinery fleet.

After the mine closed in 1991, pumping was stopped, and the mine has subsequently filled with water up to 330 m below surface. It is estimated that the volume of water is approximately 8.7 million cubic metres. The water is very close to neutral, with a pH of 7.4, although dissolved metals in the water are above those recommended for long-term human consumption. Several dewatering methods are being investigated including the use of a single-lift submersible pumping assembly or a more conventional cascading pumping arrangement.

Once the water is pumped to surface, a forced evaporation system is planned to be used to dispose of the water. This is a proven and widely used method of dealing with excess water.

OPEN PIT MINING

Conventional open pit mining methods are planned to exploit the near-surface Mineral Resource, which has a relatively short operating life of around two years. The pit would extract supergene material, which would be treated separately at the end of the underground mining life due to the more complex metallurgical characteristics of the material. Oxide material is also present within the pit design and this is planned to be stockpiled for potential treatment in the future, as current metallurgical testing has not proved successful in extracting zinc and copper from this material. The open pit is planned to be a conventional mining operation using mining contractors.

METALLURGY AND MINERAL PROCESSING

The historical Prieska Copper Mine utilised a conventional crushing-milling-froth floatation processing circuit and life-of-mine metal recoveries of 85% for copper and 84% for zinc were achieved. Concentrate grades ranging between 28% to 30% for copper concentrates and 51% to 53% for zinc concentrates were recorded. The BFS metallurgical test program is well advanced and is expected to demonstrate that these results can be repeated or improved upon and where possible improve the process flowsheet and introduce more modern reagents to improve the recovery process. The test-work commenced in late 2017 at the Mintek Laboratories in Johannesburg under the guidance of the DRA metallurgical team.

Metallurgical studies are being conducted in three defined phases as part of the BFS:

- **Phase 1**: Flotation amenability scouting: to determine whether froth flotation can continue to be used to recover and concentrate zinc and copper sulphides from the dip and strike extensions of the Prieska Deep Sulphide mineralisation that is targeted for future mining.

- **Phase 2**: Flowsheet development: to derive a froth flotation-based processing flowsheet capable of producing separate zinc and copper concentrates, within targeted quality ranges and achieve high metal recoveries from all metallurgical zones of the near-surface and Deeps sulphide mineralisation.

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

The **Phase 1** stage of the test program proved that both deposits are amenable to froth flotation recovery techniques.

Phase 2 testing employed locked-cycle testing for a blend of Deep Sulphide samples. These tests resulted in 80% to 86% recovery of copper and 91% to 94% recovery of zinc into marketable concentrates. Copper concentrate grades ranged from 21% to 24%, whilst the zinc concentrate grades ranged from 45% to 54%.he recovery results correlate well with historical performance, represented graphically in Figure 7.

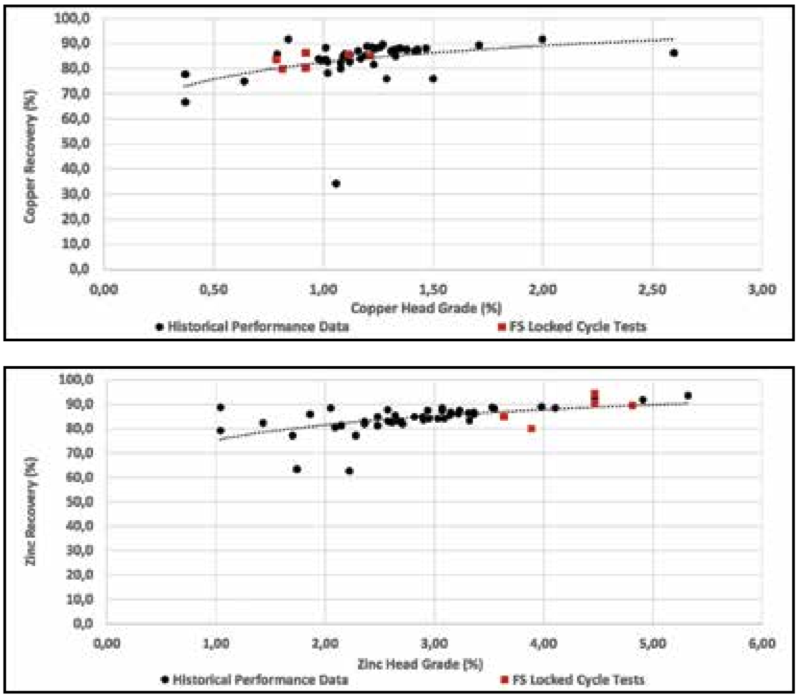


Figure 7: Results from locked cycle testing on copper recovery showing comparable test-results (red) to historical performance (black).

Due to the selected flowsheet for the supergene mineralisation, only open-cycle testing could be used. Copper recoveries of between 44% and 78% were achieved at concentrate grades in the range of 27% to 32%. Zinc recoveries of 30% to 88% at concentrate grades of 23% to 36% were achieved for samples with a zinc grade of greater than 2.5%. The near-surface supergene mineralisation makes up approximately 4% of the total Project Mineral Resource and the open-pit mining is planned to take place at the end of the underground mining operation, reducing the adverse impact of lower recoveries on project economics.

Based on these test results, the Company can now predict the concentrate grades likely to be produced from the various areas of the Mineral Resource. This enables optimisation of the mine to market concentrate logistical chain to maximise the net smelter return and in turn revenue.

Phase 3 of the testing program is under way. This will determine power requirements for the primary and re-grind mills motors and product size distributions which will refine downstream design parameters.

POWER SUPPLY

Eskom, the national power supply entity, operates the Cuprum sub-station (Figure 8) at the Prieska Project site, which was originally established for the Prieska Copper Mine. Since the mine closed, the sub-station capacity was down-rated to 10 MVA and additional power will now be required for the planned mine. The current estimate is that approximately 35 MVA of power may be required.

Figure 8: The Cuprum sub-station, located at the Prieska Project site.

The Company has commissioned the electrical engineering company PPE Technologies to carry out the design and costing of the upgrade, which will take the form of a feeder-bay installation within the Cuprum sub-station supplying a new 132kV to 11kV mine sub-station within the Project boundary. The approval timeframe has been scheduled at six months, after which a three-month construction and commissioning phase will follow. The supply of power from nearby renewable energy power plants is also being investigated.

BULK WATER SUPPLY

Water is currently piped to the Prieska Project site via a 60 km line from the water works at the town of Prieska on the Orange River. The pipeline also serves other users in the Project area. Negotiations are underway with the Siyathemba Municipality, who operate the water works, and Alkantpan, who own the pipeline, and draft memorandums of understanding are being reviewed by all parties. The water works capacity requires upgrading to accommodate the planned water requirement for the Prieska Project, which the Company has committed to fund.

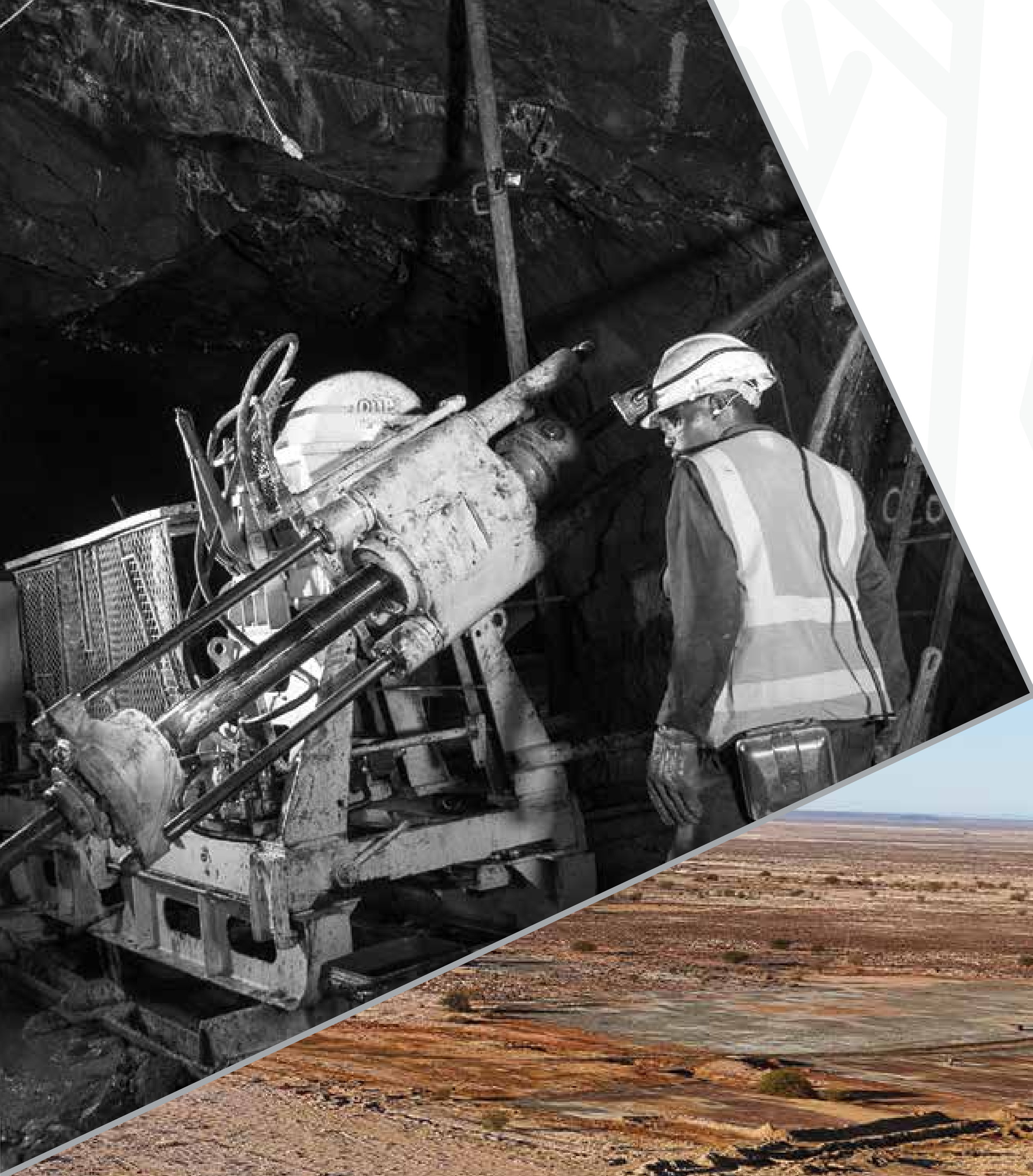
CONCENTRATE LOGISTICS AND MARKETING

Historically the Prieska concentrates were noted as being "clean", that is, with low levels of impurities or penalty elements such as cadmium, bismuth and mercury. It is therefore anticipated that there is a ready market for the concentrates produced from the Prieska Project. Currently smelter customers in Asia and Europe are being targeted for the sale of concentrates. Concentrate transporting options are being considered to various ports. The complete product logistics solution is planned for completion during Q4 2018.

MINING RIGHT APPLICATION

A Mining Right Application for the Repli portion of the Prieska Deposit was submitted to the Department of Mineral Resources (**DMR**) on 9 April 2018, based on a conceptual project plan (refer ASX release 9 April 2018). The Application included a Mine Works Program, which outlines the planned business case encompassing all technical and financial aspects of the Project, a Social and Labour Plan and an Environmental Application. Work continued in the months following the April submission and, subsequent to the financial year-end, the final Environmental Impact Report, Waste Management Licence and Water Use Licence were all submitted to the relevant authorities within the stipulated time frames. Interactions with representatives from the various government departments have already taken place and will continue as part of the review process.

The environmental approval is granted first and is expected during December 2018, following which the Mining Right approval is anticipated to be granted by the end of Q2 2019. The Mining Right Application for the Vardocube portion of the Prieska Project was subsequently submitted on 27 September 2018.



BUSINESS REVIEW
EXPLORATION

NEAR MINE EXPLORATION

ANNEX COPPER DEPOSIT

The Bartotrax Prospecting Right (**Bartotrax**), which includes the Annex Volcanogenic Massive Sulphide Copper Deposit (**Annex**), was granted by the DMR on 4 April 2018 (Figure 9) (refer ASX release 4 April 2018). Annex, located approximately 6 km south of the Prieska Project, was discovered by Anglovaal Limited in 1969. Anglovaal's historic diamond drilling at Annex followed up on a conductor detected by an airborne Input EM survey and succeeded in delineating semi-massive to massive sulphide mineralisation underneath a 35-m-thick Dwyka tillite cap (Figure 10). Mineralisation was identified over a strike length of 1,000 m and followed down to 550 m below surface. The deposit remains open at depth.

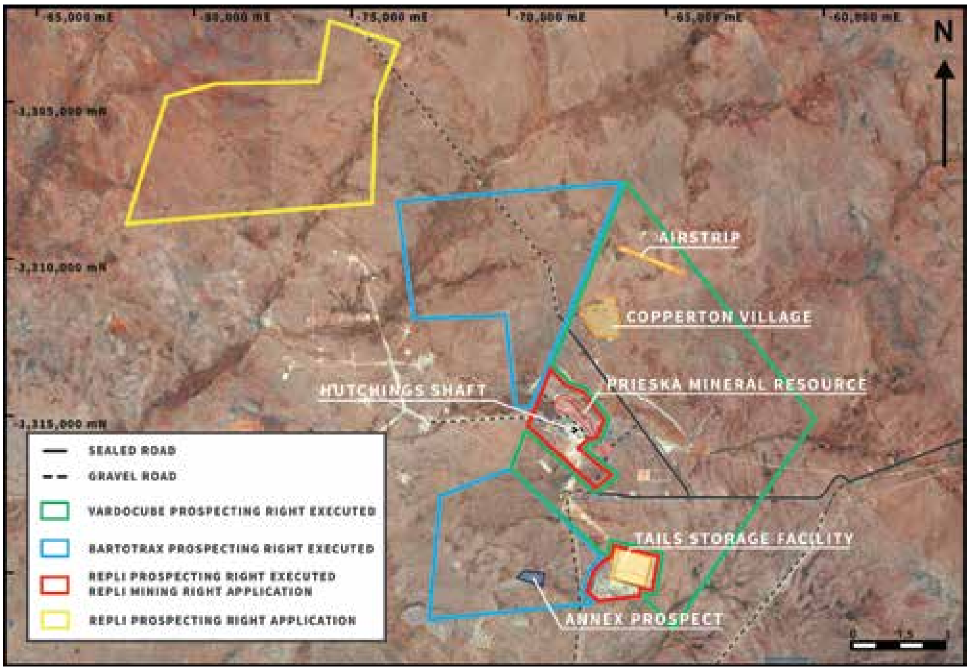


Figure 9: Surface plan showing the Prospecting Rights over and adjacent to the Prieska Project as well as the locality of the Annex Deposit.

Anglovaal (historic drilling) significant intersections at Annex (Figure 10) include:

- 3.87m at 1.91% Cu and 0.49% Zn in VAX 19;
- 4.28m at 2.88% Cu and 0.34% Zn in VAX 26;
- 2.65m at 1.44% Cu and 0.33% Zn in VAX 27;
- 4.08m at 1.14% Cu and 0.41% Zn in VAX 29;
- 4.11m at 2.17% Cu and 0.54% Zn in VAX 32; and
- 4.77m at 1.39% Cu and 0.68% Zn in VAX 35

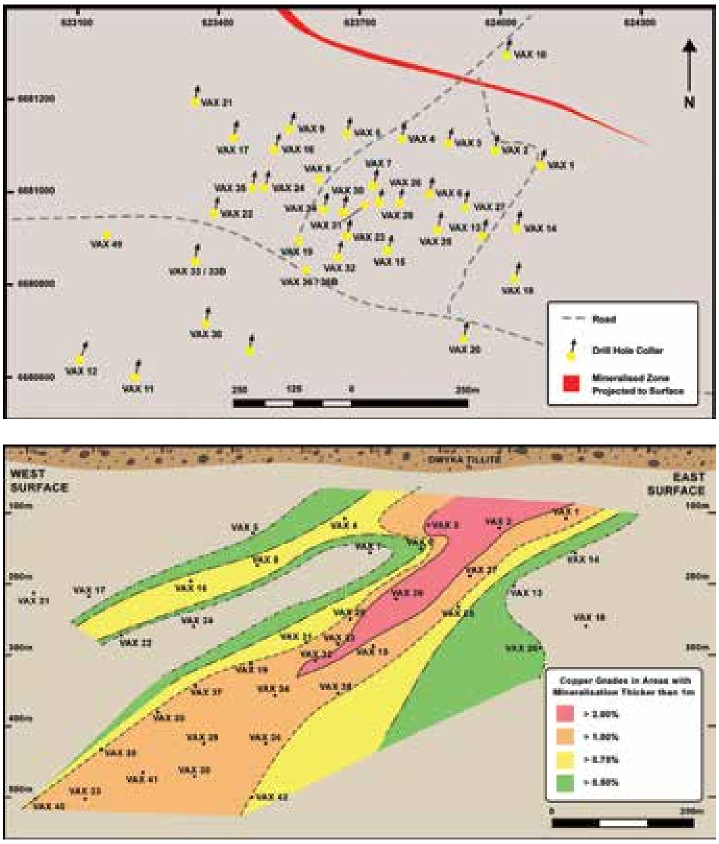


Figure 10: (Left), Anglovaal drilling (1969–1981) and trace sub-crop of sulphide mineralisation at Annex (Source: Anglovaal Exploration report). (Right), Longitudinal section and grade-contoured drill intersections for copper at Annex (Source: Anglovaal Exploration report).

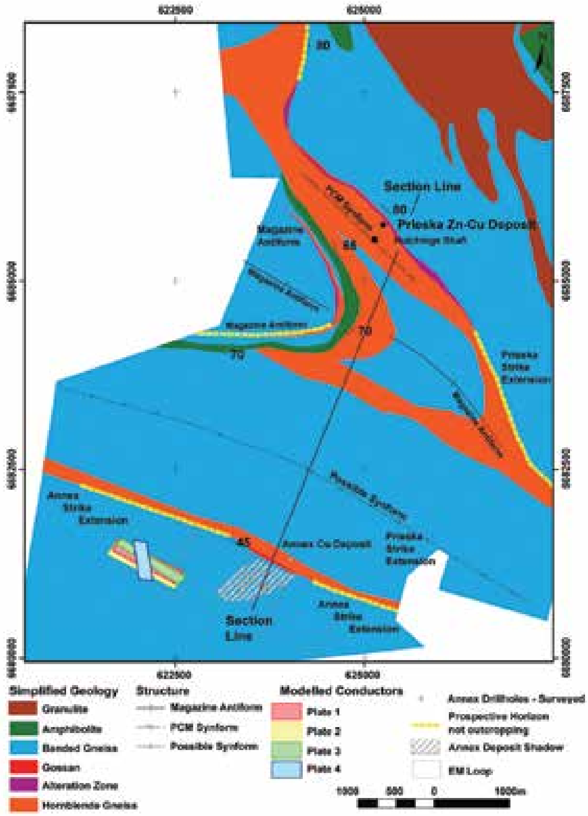


Figure 11: Geological plan showing Near-Mine prospective horizons and the location of an EM conductor to the west of the Annex Deposit.

Younger stratigraphic cover and general poor outcrop renders geological interpretation of the geological setting at Annex problematic, but the current understanding indicates repetition of the Prieska mineralised stratigraphy over a north-west to south-east trending set of folds (Figures 11 and 12).

The Company commenced ground EM surveying to explore for possible strike and depth extensions of Annex in August 2018. Three loops of Fixed Loop Time Domain Electromagnetic (**FLTDEM**) surveys have now been completed by the Company using sensitive detection systems. An EM conductor has been detected approximately 1,000 m west of Annex. Additional surveying to better define the extent of this conductor, and additional loop testing along strike and to the east of known mineralisation, are currently in progress. Diamond drilling will commence on the EM target once the modelling has been finalised.

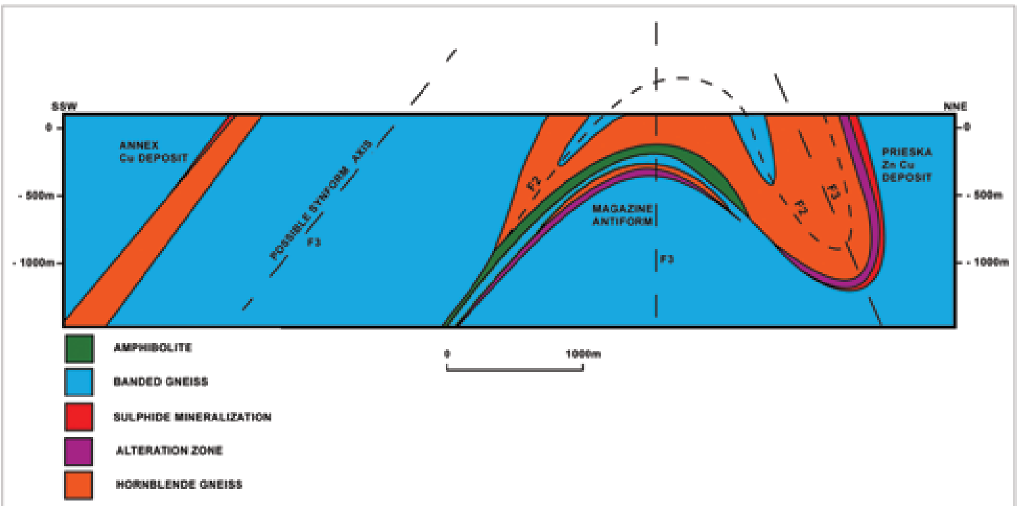
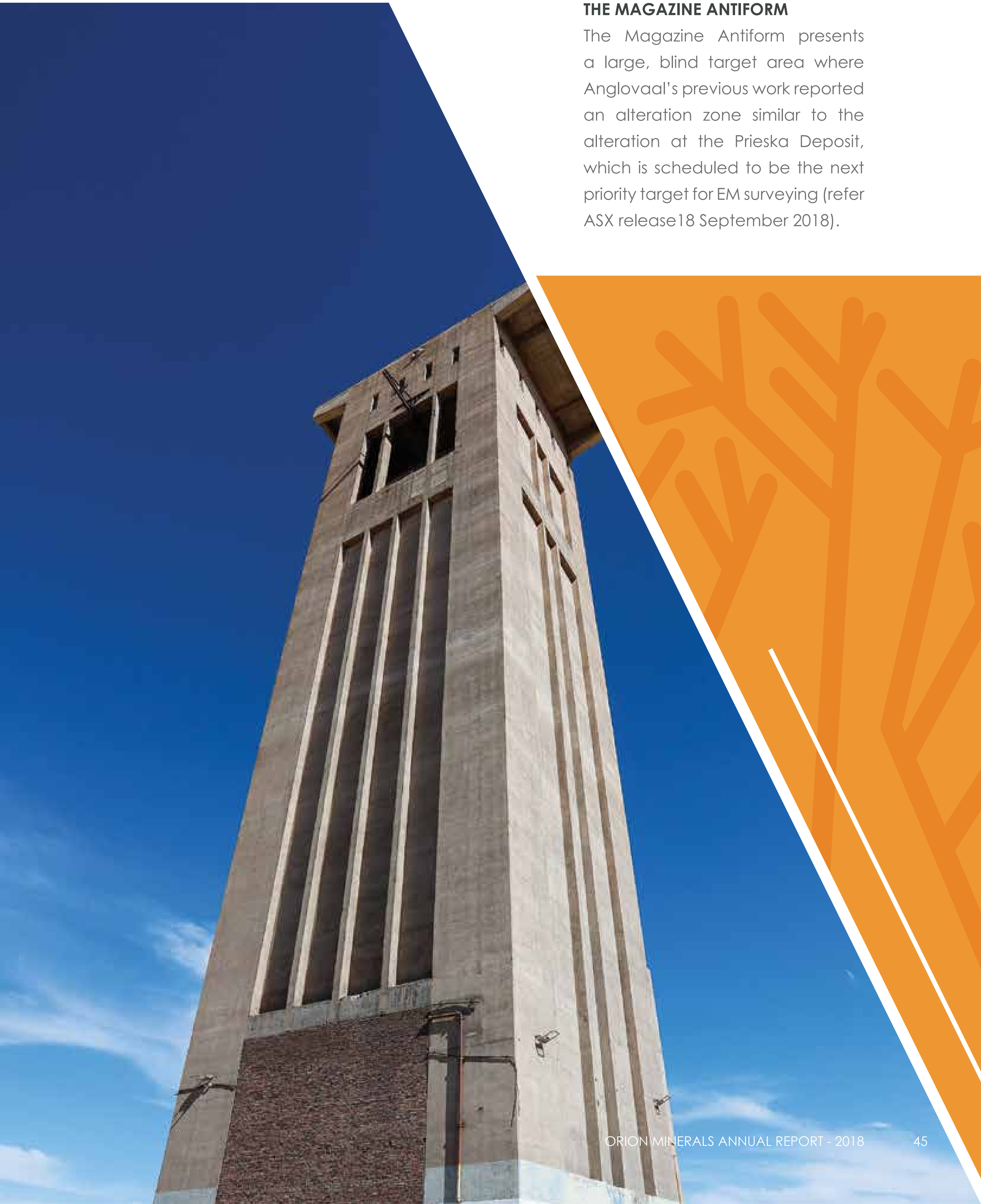


Figure 12: Geological section through the Annex and Prieska Deposits. Section line indicated on Figure 11.

THE MAGAZINE ANTIFORM

The Magazine Antiform presents a large, blind target area where Anglovaal's previous work reported an alteration zone similar to the alteration at the Prieska Deposit, which is scheduled to be the next priority target for EM surveying (refer ASX release18 September 2018).



REGIONAL EXPLORATION

JACOMYNSPAN NICKEL-COPPER-ZINC-COBALT-PGE PROJECTS (NAMAQUA-DISAWELL)

In September 2017, the Company entered into a binding earn-in agreement to acquire the earn-in rights over the Jacomynspan Project from two companies, Namaqua Nickel Mining (Pty) Ltd and Disawell (Pty) Ltd **(Namaqua Disawell Companies)**, which hold partly overlapping prospecting rights and mining right applications (refer Figure 2). The earn-in agreement is principally on the same terms as the binding term sheet entered into in July 2016 (refer to Jacomynspan Nickel-Copper-PGE Project (South Africa) - (Earn-In Right) in the Business Review: Corporate section).

In terms of the agreement, the Company is able to earn-in to acquire an effective 59.2% of the Namaqua Mining Right and Disawell Prospecting Right **(Namaqua-Disawell)** covering an area of 626 km^2 in the Areachap Belt. The earn-in rights have been acquired over the Jacomynspan Nickel-Copper-PGE Project **(Jacomynspan Project)**. The Company currently holds an effective 18.5% of these companies.

Known Ni-Cu mineralisation occurs on the Jacomynspan, Area 4 and Rok Optel projects (Figure 13). The Jacomynspan Deposit, discovered in 1973, has been investigated by several mining and exploration companies. A JORC compliant Mineral Resource estimate has been reported for the Jacomynspan Deposit (refer ASX release 8 March 2018), and a mining concept study was completed historically.

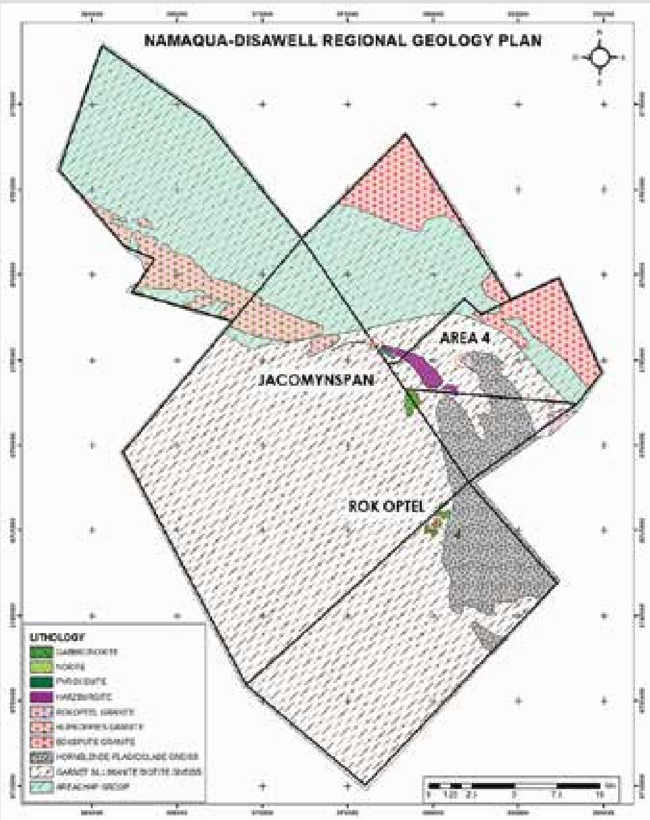


Figure 13: Simplified geological map of Namaqua-Disawell showing the Jacomynspan, Area 4 and Rok Optel Ni-Cu Deposits

The Jacomynspan Complex is located within the Areachap Belt, which formed as a complex, long-lived, multi-phase orogenic assembly zone related to the amalgamation of the Rodinia Supercontinent (Figure 14). The event that resulted in the emplacement of the Jacomynspan Complex is part of a global event associated with several world-class nickel-sulphide deposits such as Voisey's Bay, Kabanga and Nova-Bollinger. The Company's exploration is aimed at higher-grade, massive and semi-massive accumulations of nickel-bearing sulphides, analogous to the Nova-Bollinger Deposit in the Fraser Range Province in Western Australia.

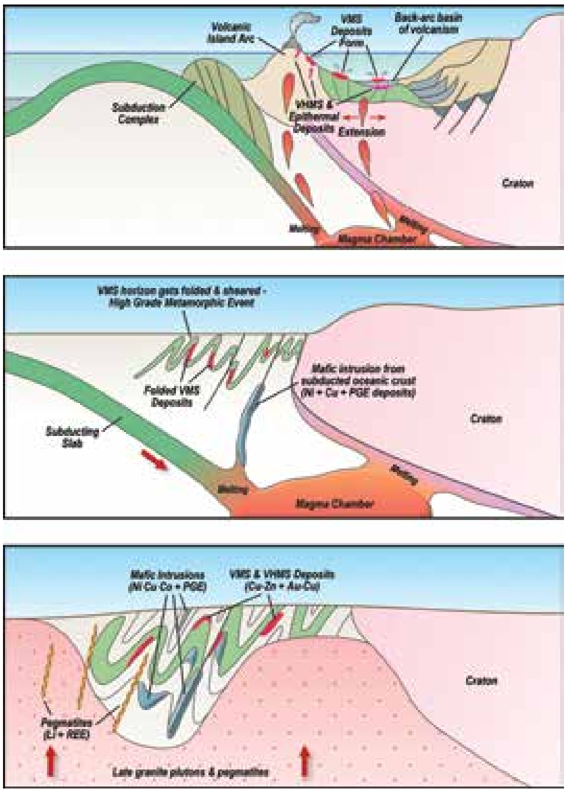


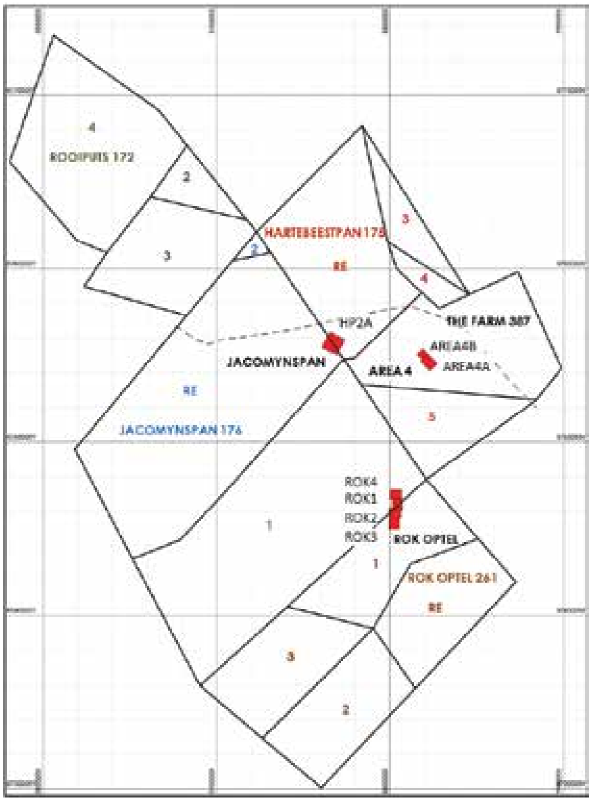
Figure 14: Schematic representation of the depositional environment of the Areachap Group, timing of the deposition of the VMS deposits and emplacement the Ni-Cu bearing ultramafic intrusions.

Using historic data, the Mineral Resource for Jacomynspan has been assessed by Jeremy Whitley of Mike Scott and Associates in compliance with the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, refer Table 4). Using a 0.4% Ni cut-off grade, a total resource of 6.8 Mt containing 39,480 tonnes of Ni, 23,070 tonnes of Cu and 1,800 tonnes of Co were declared using data from drill holes drilled between 1971 and 2012 (refer ASX release 8 March 2018).

Table 4: Indicated and Inferred Mineral Resource Statement for the Jacomynspan Project on the Namaqua Mining Right using a 0.4% Ni cut-off.

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	580 000	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

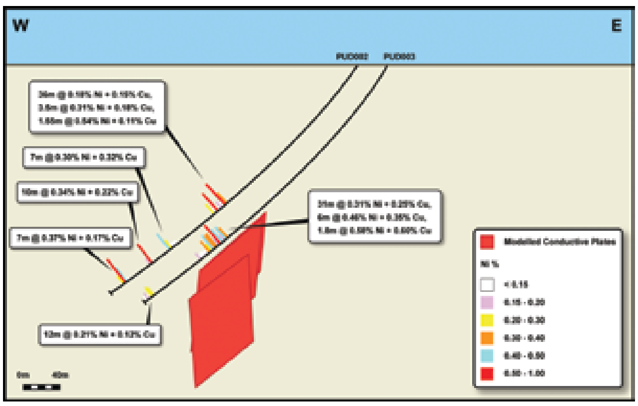
During the year, the Company completed detailed studies on the Jacomynspan Complex and its Ni-Cu sulphide mineralisation that shows sulphide mineralisation to occur as primary disseminated sulphide, as well as injected coarse net-textured and massive sulphide veins (refer ASX release 30 April 2018). The presence of injected sulphides suggests that larger volumes of massive sulphide mineralisation may be present. The Company's exploration is aimed at targeting this style of mineralisation.



The prospective parts of Namaqua-Disawell were covered by an Airborne Electro-Magnetic survey (**AEM or SkyTEM™**) (refer ASX release 1 February 2018). Two anomalies (**Rok Optel and Area 4**) have been prioritised for follow-up work (Figure 15). On both targets, modelling of data suggests that anomalies on these prospects were not adequately tested by historic diamond drilling. FLTDEM surveys and geological mapping over Rok Optel and Area 4 commenced in May 2018 (refer ASX release 3 July 2018). Seven grids were surveyed using FLTDEM including an orientation survey over the Jacomynspan Ni-Cu Deposit.

Figure 15: Plan of the Namaqua-Disawell Prospecting Right showing the various prospects and FLTDEM grid locations

The results from the FLTDEM surveys on Rok Optel and Area 4 are most encouraging, with conductors having conductance that is orders of magnitude higher (350 – 3150 S) than those measured over the known Mineral Resource at Jacomynspan (25 – 575 S). Historic drill holes intersected Ni-Cu mineralisation on both prospects - but did not intersect the zones of highest conductance now detected using FLTDEM (Figure 16) (refer ASX release 30 July 2018). Known Ni-Cu mineralisation in proximity of the modelled conductors at both Area B4 and Rok Optel upgrades the potential for finding higher grade Ni-Cu mineralisation associated with the modelled conductors.



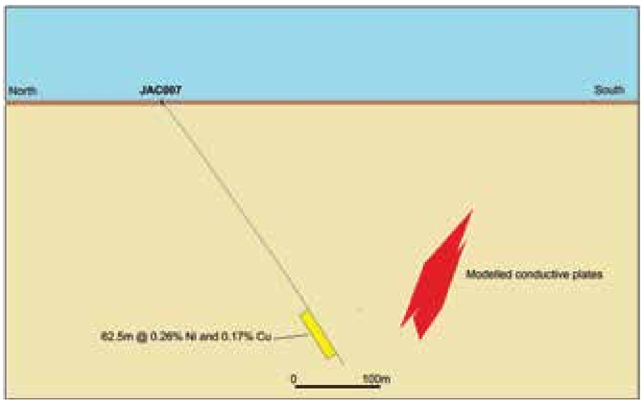


Figure 16: (Left), cross-section showing historic drill results and conductive FLTDEM plates on the northern side of the Rok Optel 2 grid. (Right), section looking east through drill hole JAC007 showing the Ni-Cu sulphide intersection and newly detected FLTDEM conductors at the Area 4 Prospect (Area 4B).

Diamond drilling commenced on 10 July 2018 on Rok Optel (refer ASX release 30 July 2018). Two holes have been completed while a third hole is currently in progress (Figure 17).

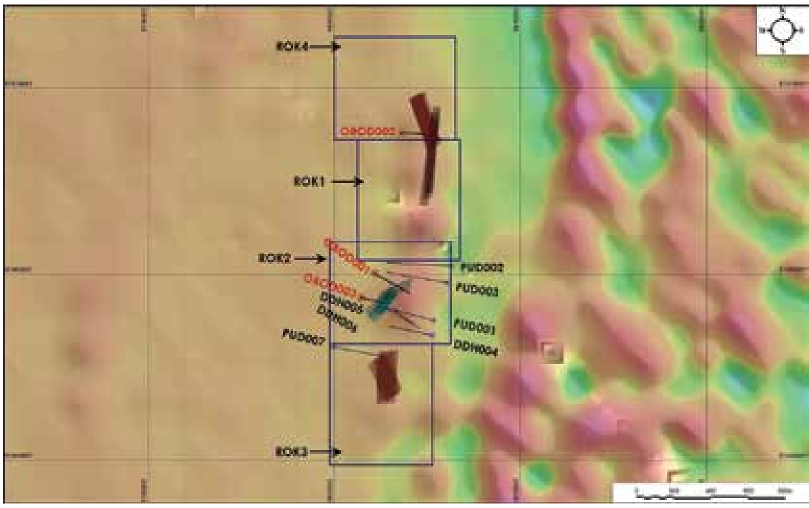
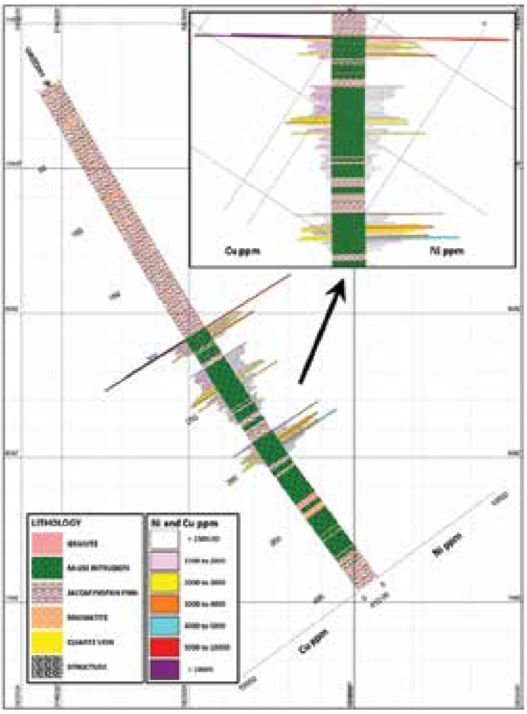


Figure 17: Rok Optel drill plan with the FLTDEM loops, FLTDEM plates (red brown) and DHTDEM plates (blue and green). The historic drill holes (DDH and PUD) and the Company holes (OROD) are shown. The plan is overlaid on a first vertical derivative aero magnetic image.

Drill hole OROD001 intersected 192.63 m of intrusive rocks, 104.41 m of which hosts sulphide mineralisation, including massive sulphide veins and stringer mineralisation (Table 5, Figure 18).

Table 5: Drill intersections from OROD001 at various cut-off grades. The Ni and Cu tenors are calculated using the Kerr method. Widths are intersection widths (refer ASX release 10 September 2018).

Drill Hole	Cut Off	From m	Width m	Ni wt%	Cu wt%	Co wt%	2PGE + Au g/t	Ni Tenor wt%	Cu Tenor wt%
OROD001	0.2% Ni	201.05	8.99	0.24	0.163	0.016	0.22	3.80	2.58
OROD001	0.2% Ni	292.09	7.29	0.28	0.115	0.013	0.66	9.29	3.65
OROD001	0.3% Ni	297.44	1.94	0.38	0.149	0.015	1.45	10.22	3.86
OROD001	0.5% Ni	201.05	1.22	0.45	0.569	0.047	0.16	2.90	3.66



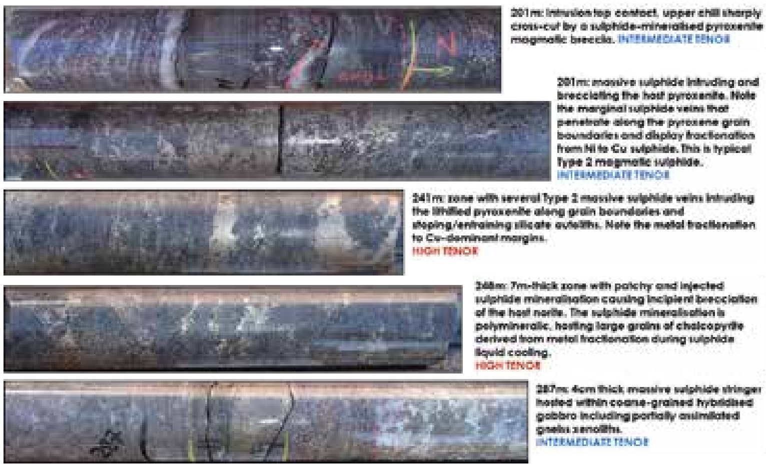


Figure 18: (Left), Section through drill hole OROD001 drilled on Rok Optel grid ROK2, showing mineralised zone. (Right), Core from drill hole OROD001 showing Type 2 sulphide mineralisation (refer ASX release 30 April 2018).

Sulphide mineralisation was intersected at several horizons in OROD002, including massive, injected stringers, coarse blebs and patchy network styles, all of which are typical of conduit-style mineralisation. Assay results are awaited, and drilling is continuing.

Preliminary studies re-assessing the previously prepared mining concepts for the exploitation of the Jacomynspan deposit, as well as investigations into potential products and updated market analyses for such products, were commissioned during Q2 2018. Results of the studies, once complete, will help with formulating a potential development strategy for the Jacomynspan project.

KANTIENPAN AND BOKSPUTS PROJECTS (MASIQHAME)

In March 2018, the Company entered into an earn-in 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 980 km^2, located 80 km north of the Prieska Project. The Company is currently focussing on VMS style mineralisation on Masiqhame and during 2018, the Company completed a regional SkyTEM™ survey over the prospecting right and is continuing with FLTDEM surveys and geological mapping over selected anomalies as part of prioritising VMS Zn-Cu drill targets.

Two VMS deposits, Kantienpan and Boksputs, as well as several other Zn-Cu occurrences, are known to exist on Masiqhame (Figure 19). A high-powered fixed loop electromagnetic survey conducted on Kantienpan by the Company in 2016 detected previously unknown conductors below and along strike of known mineralisation. Drill testing of the conductors yielded encouraging results with massive sulphides intersected (refer ASX release 29 September 2016). These results highlight the potential for new discoveries using modern geophysical methods in the Areachap Belt. Mineralisation at the Kantienpan Deposit remains open both along strike and at depth.

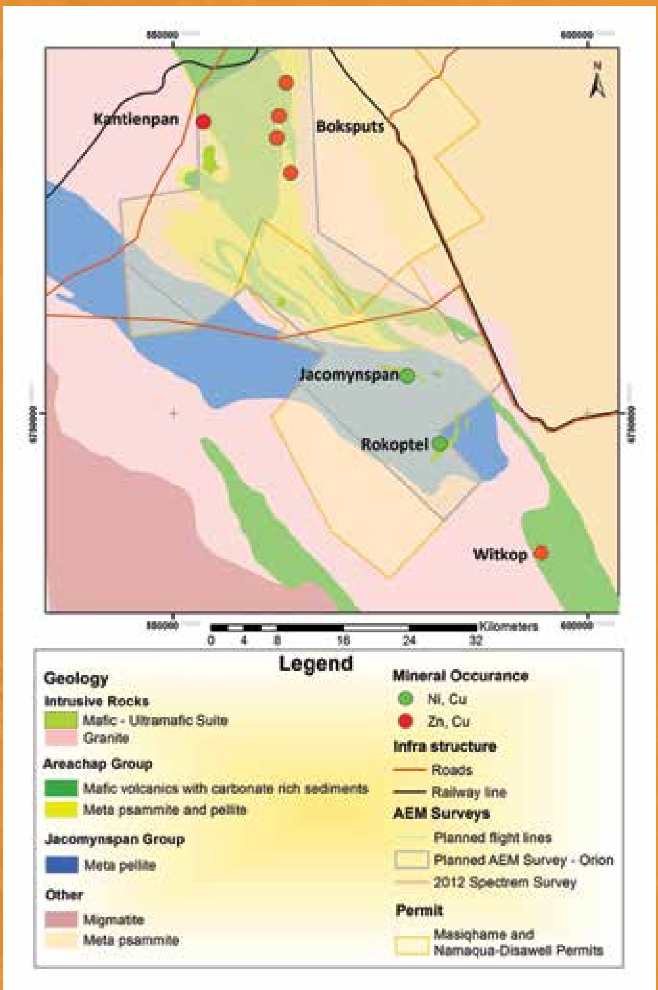


Figure 19: Map showing the area covered by the Kantienpan and Boksputs Deposits on Masiqhame and the coverage of the SkyTEM™ survey over Masiqhame and Namaqua-Disawell.

A 962 km^2 helicopter-borne magnetic and AEM over the Masiqhame and Namaqua-Disawell Prospecting Rights was completed on the 24 January 2018 (refer ASX release 1 February 2018). The survey succeeded in acquiring high quality data over VMS Zn-Cu targets on Masiqhame. The SkyTEM™ system used is discussed earlier, in the Namaqua-Disawell section.

The airborne magnetic data obtained with the SkyTEM™ surveys is superior to any regional airborne magnetic data previously available over the prospecting permit right and allowed for more detailed regional geological interpretations and targeting (Figure 20). Selected SkyTEM™ targets are currently being followed up with detailed geological mapping and FLTDEM surveys. Three FLTDEM surveys have been completed. Two of the conductors in the Boksputs VMS camp offer compelling drill targets (refer ASX release 24 September 2018). The Company plans to continue with FLTDEM surveys over selected SkyTEM™ anomalies. This will be followed by diamond drilling.

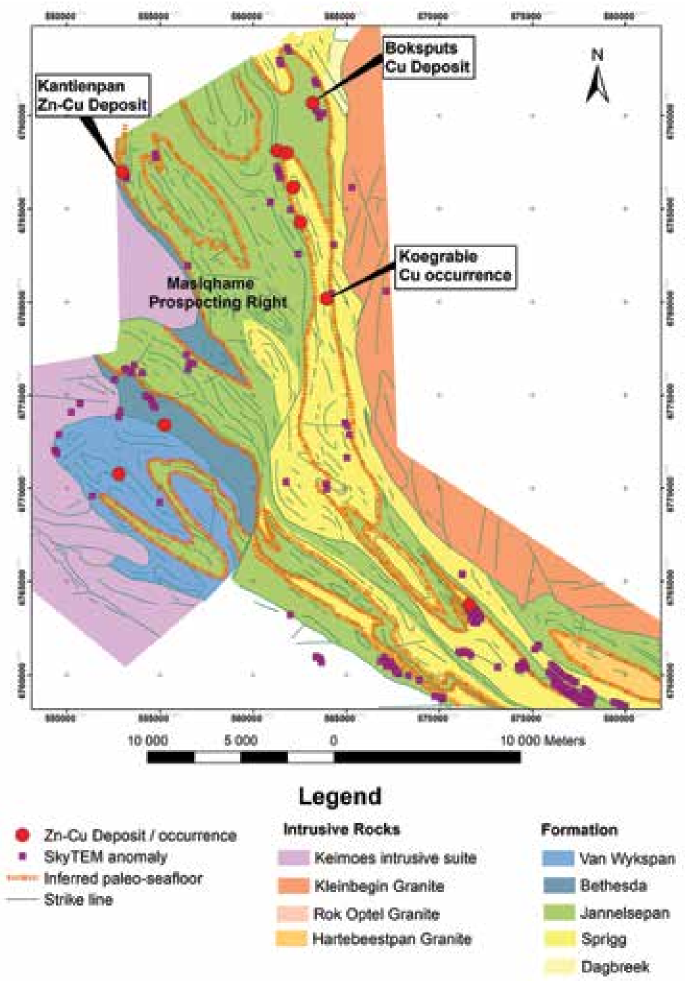
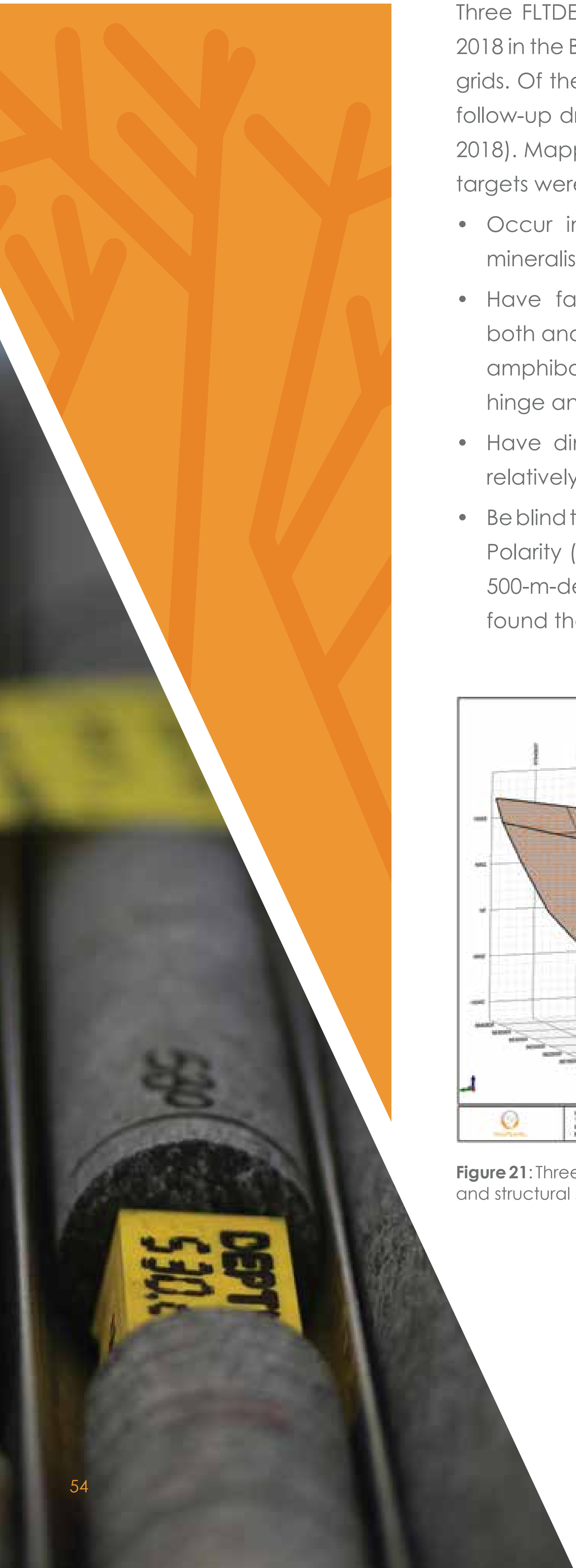


Figure 20: Solid geological map of the Masiqhame Prospecting Right showing the inferred paleo-seafloor, known zinc-copper deposits and occurrences and SkyTEM™ anomalies.

Three FLTDEM surveys were completed between 8 and 24 July 2018 in the Boksputs area. Plate models were received for all three grids. Of the three conductors modelled, B1 and B4 offer priority follow-up drill targets (Figure 21; refer ASX release 24 September 2018). Mapping and structural interpretations over the B1 and B4 targets were completed and show the conductors to:

- Occur in a similar stratigraphic position to the VMS style mineralisation at Boksputs.
- Have favourable stratigraphic and structural settings with both anomalies occurring on a prospective contact between amphibolite and meta-psammite. Anomaly B4 occurs in a fold hinge and is orientated parallel to the plunge direction.
- Have dimensions that show the causative bodies to have relatively large volumes.
- Be blind targets not tested before. It is doubtful whether Induced Polarity (**IP**) surveys used in the 1970s could have detected a 500-m-deep conductor such as B1 and no evidence has been found that conductors B1 and B4 were drill-tested in the past.



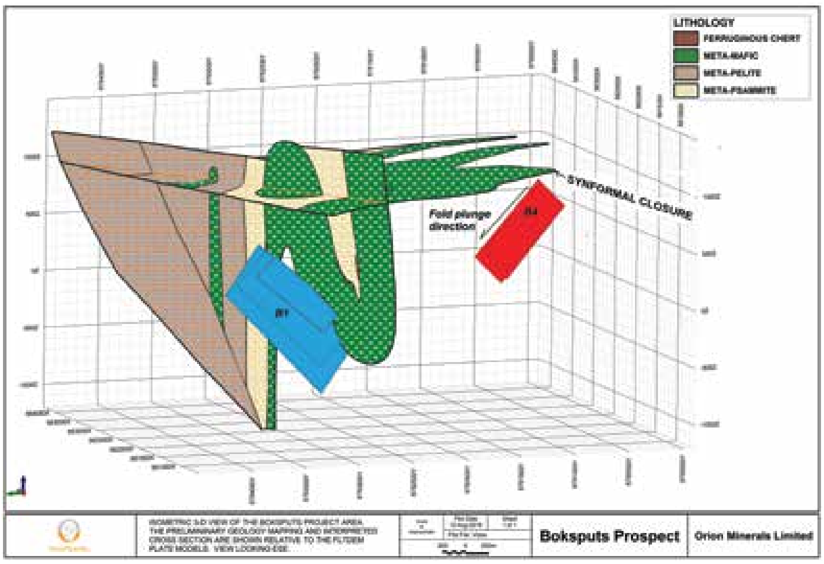


Figure 21: Three-dimensional view looking southeast and showing the stratigraphic and structural setting of the B1 and B4 conductors on Boksputs Prospect.

MARYDALE GOLD-COPPER PROJECT

The Company holds prospecting rights over the Marydale Gold-Copper Project, a deposit of possible high sulphidation epithermal origin located 60 km from the Prieska Project. Historical drilling was carried out at various orientations and, despite wide zones of mineralisation being intersected, the majority of these are now seen to be sub-optimal (Figure 22).

Drilling by the Company in 2016 confirmed historic drill results. Initial interpretations, based on data from oriented core, revealed that the host lithology is in a structurally complex, folded and sheared package. The Company is currently reinterpreting the drill data and assessing the economic potential of this deposit.

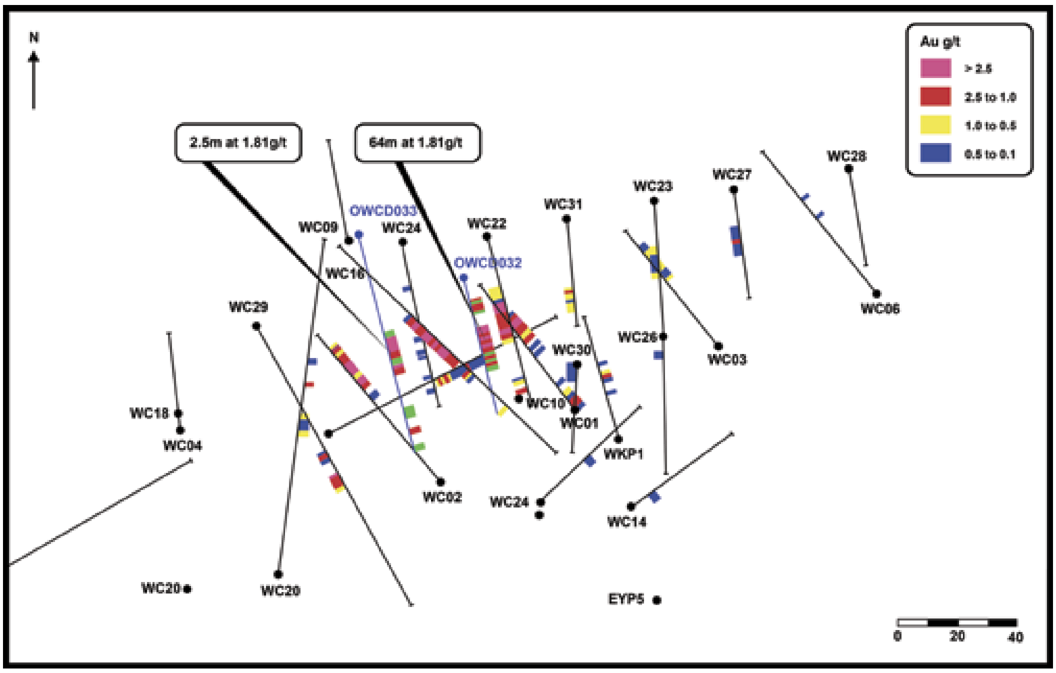


Figure 22: Plan showing results from the Company and historical drilling at the NW quadrant of the Marydale Project.

AUSTRALIA

CONNORS ARC EPITHERMAL GOLD PROJECT (QUEENSLAND)

During the 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 announced on 2 May 2018 a binding sale agreement with Evolution Mining Limited for 100% interest sale of the Connors Arc Project (refer to the Corporate section for more information).

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

The Company 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 (**JVA**, refer ASX release 10 March 2017).

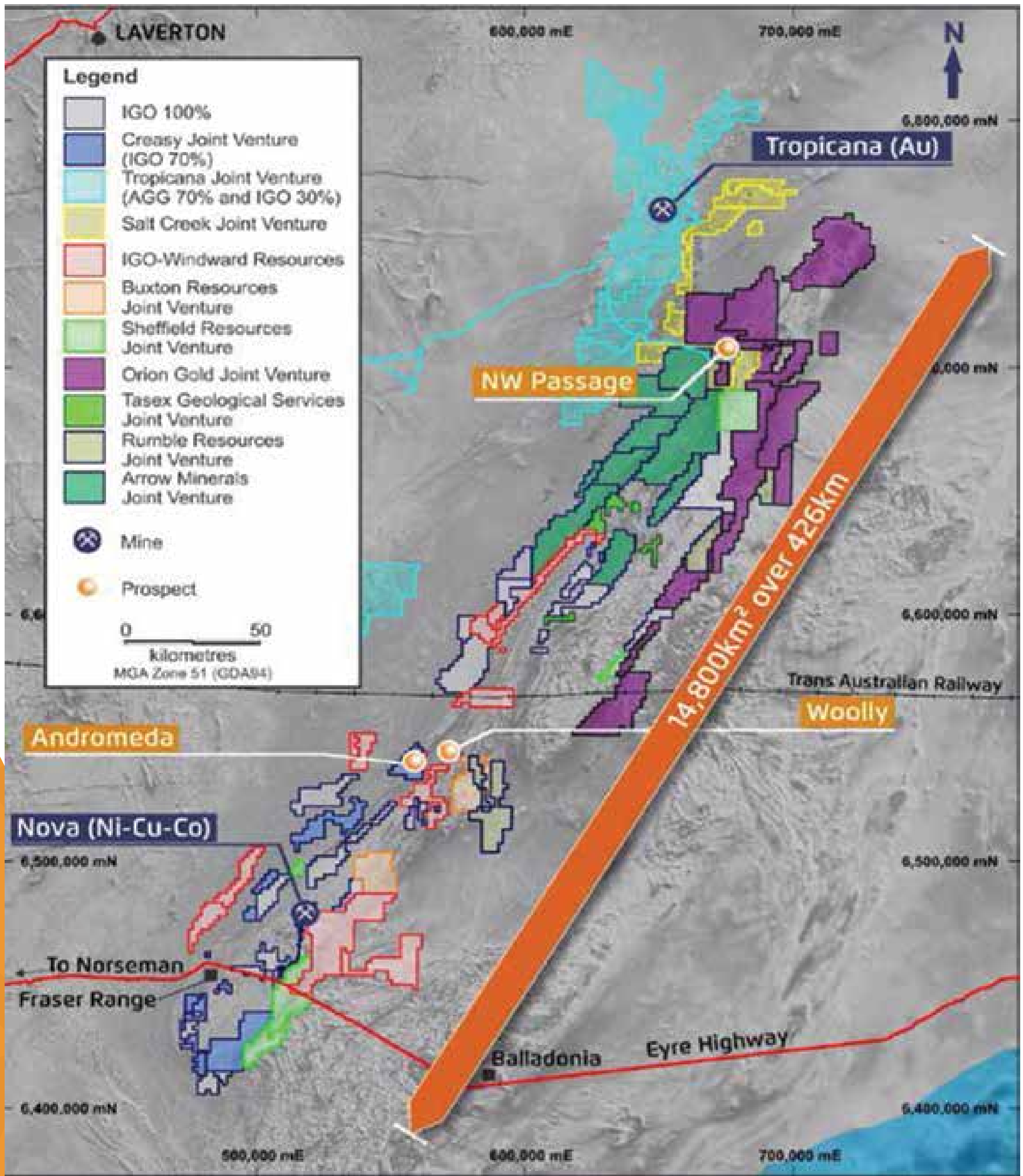
IGO is completing a major regional scale interpretation of the geological framework of the Albany-Fraser Orogen based on first pass aircore drilling (principally used to improve the understanding of the bedrock geology in the project area) and high resolution geophysical data including a regional scale Spectrem airborne EM survey. The regional scale work is also enabling areas with lower prospectivity, either due to the underlying geology or the depth of transported cover, to be identified and relinquished so that exploration can focus on the most prospective areas. In addition to the regional scale surveys, a ground EM survey was completed on parts of the Company's tenements where VTEM and aircore geochemistry anomalism has previously been identified.

Under the JVA, IGO is responsible for all exploration on the tenements and provides regular updates to the Company of its activities and results arising from them.

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 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.



Refer IGO AMEC Convention Presentation 2018 (IGO ASX release 14 June 2018)

ORE RESERVE AND MINERAL RESOURCE STATEMENTS

PRIESKA PROJECT

A maiden Mineral Resource for the Repli Trading No. 27 Prospecting Right (**Repli**) was released on the 8 of February 2018. The global Mineral Resource for drilling data at the end of December 2017 consists of 24.2 Mt containing 873,000 tonnes Zn and 297,000 tonnes Cu, including both the +105 and Deep Sulphide resources (Figure 23). This was followed by a maiden Mineral Resource estimate of 5.2 Mt containing 253,000 tonnes Zn and 67,000 tonnes Cu for the Vardocube Prospecting Right and was released on 9 April 2018 (refer ASX release 9 April 2018). This increased the total combined Mineral Resource for the Prieska Project to 29.4 Mt containing 1,126,000 tonnes of Zn at 3.8% Zn and 365,000 tonnes of Cu at 1.2% Cu. The Mineral Resource for the Prieska Project is summarised in Table 6.

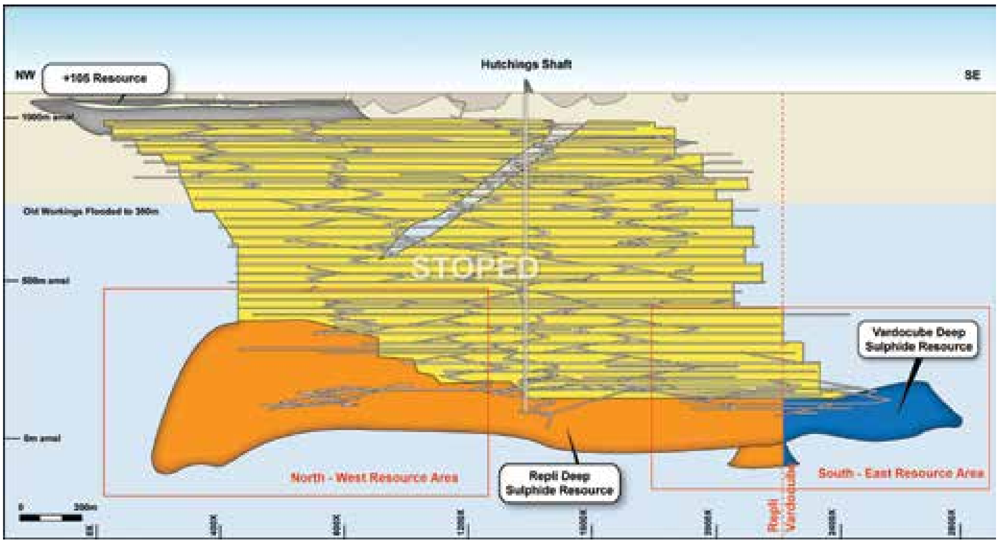


Figure 23: Longitudinal projection of the Prieska Project showing the +105 Open Pit Target and the Deep Sulphide Target on the Repli and Vardocube Prospecting Right areas.

> ...an impressive 83,000 metres of drilling had been completed on the Deep Sulphide Target at Prieska...

Table 6: Total Mineral Resource for the Prieska Project.

GLOBAL MINERAL RESOURCE FOR PRIESKA PROJECT - Repil Trading No 27 (Pty) Ltd & Vardocube (Pty) Ltd										
			Zn		Cu		Ag		Au	
	Classification	Tonnes	Metal tonnes	Grade (%)	Metal tonnes	Grade (%)	Metal ounces	Grade (g/t)	Metal ounces	Grade (g/t)
Deep Sulphide Repli*	Inferred	22,600,000	839,000	3.7	266,000	1.2	6,904,000	9.5	153,000	0.2
Deep Sulphide Vardocube**	Inferred	5,200,000	253,000	4.9	67,000	1.3	1,627,000	9.7	35,000	0.2
105 Supergene Repil*	Indicated	1,200,000	32,000	2.6	30,000	2.4	348,000	8.7	9,000	0.2
105 Oxide Repil*	Inferred	300,000	2,000	0.9	2,000	0.6	17,000	1.8	1,000	0.1
Total Global		29,400,000	1,126,000	3.8	365,000	1.2	8,896,000	9.4	198,000	0.2

Notes:
All Mineral Resources reported at Zero Cut-off.
Rounding as required by reporting guidelines, may result in apparent differences between tonnes, grade and contained metal.

*Refer ASX release 8 February 2018; ** refer ASX release 9 April 2018.

The Mineral Resources are estimated by a Competent Person and classified and reported in accordance with the 2012 Edition of the JORC Code.

COMPETENT PERSON'S STATEMENT – REPLI AND VARDOCUBE PROSPECTING RIGHTS (PRIESKA PROJECT)

The information in this report that relates to the Mineral Resource at Repli and Vardocube Prospecting Rights is based on information compiled by Mr Sean Duggan, a Competent Person who is registered with the South African Council for Natural Scientific Professionals (Registration No. 400035/01), a 'Recognised Professional Organisation' (RPO) included in a list posted on the ASX website from time to time. Mr Duggan is a Director and Principal Analyst at Z Star Mineral Resource Consultants (Pty) Ltd and a consultant to Orion. Mr Duggan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Duggan consents to the inclusion in the report of the matters based on his (or her) information in the form and context in which it appears.

JACOMYNSPAN

A maiden Mineral Resource estimate, based on drilling data from 1971 to 2012 (Figure 24), reported at a 0.4% Ni cut-off grade gives 6.8 Mt containing 39,000 tonnes Ni at 0.5% Ni, 22,000 tonnes Cu at 0.3% Cu and 1,800 tonnes Co at 0.03% Co (refer ASX release 8 March 2018). 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 subsequently been reassessed by the MSA Group (PTY) Ltd on behalf of the Company and reported in compliance with the 2012 Edition of the JORC Code (refer ASX release 8 March 2018). The Mineral Resource at a 0.4% Ni cut-off grade is presented in Table 7, and at various other cut-off grades in Table 8.

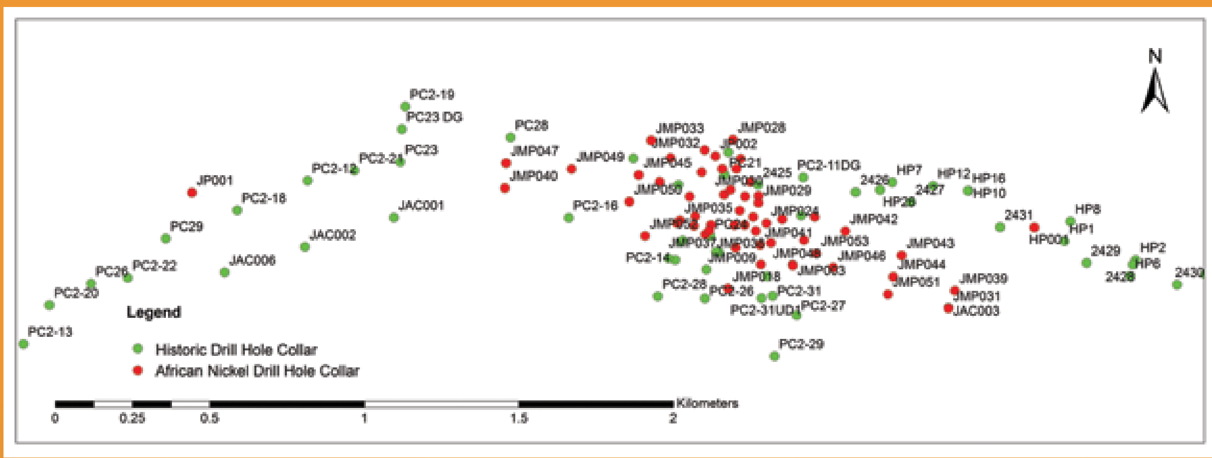


Figure 24: Plan showing mafic intrusion sub-outcrop and drilling at the Jacomynspan resource area.

Table 7: Indicated and Inferred Mineral Resource Statement for the Jacomynspan Project on the Namaqua Mining Right using a 0.4% Ni cut-off.

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 8: Indicated and Inferred Mineral Resource for the Jacomynspan Project at various cut-offs.

INDICATED MINERAL RESOURCE FOR THE JACOMYNSPAN PROJECT AT VARIOUS NI CUT-OFF GRADES															
			Ni		Cu		Co		Pt		Pd		Au	
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
0.20	11 252 000	33 000 000	0.26	86 000	0.18	58 000	0.02	6 000	0.10	101 000	0.05	53 000	0.04	44 000
0.25	4 205 000	12 393 000	0.32	40 000	0.20	25 000	0.02	3 000	0.11	45 000	0.06	25 000	0.05	19 000
0.30	1 501 000	4 461 000	0.42	19 000	0.24	11 000	0.02	1 000	0.14	20 000	0.08	12 000	0.05	8 000
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
0.50	284 000	872 000	0.66	6 000	0.37	3 000	0.04	300	0.16	5 000	0.11	3 000	0.07	2 000

INFERRED MINERAL RESOURCE FOR THE JACOMYNSPAN PROJECT AT VARIOUS NI CUT-OFF GRADES														
			Ni		Cu		Co		Pt		Pd		Au	
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
0.20	11 022 000	32 304 000	0.29	94 000	0.20	63 000	0.02	6 000	0.10	108 000	0.06	60 000	0.04	44 000
0.25	3 974 000	11 863 000	0.42	49 000	0.26	31 000	0.02	2 000	0.15	55 000	0.09	34 000	0.05	20 000
0.30	2 303 000	7 008 000	0.52	36 000	0.31	22 000	0.02	2 000	0.19	42 000	0.12	27 000	0.06	14 000
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
0.50	982 000	3 041 000	0.67	20 000	0.41	13 000	0.03	1 000	0.17	16 000	0.12	11 0003 000	0.07	7 000

COMPETENT PERSON'S STATEMENT – JACOMYNSPAN PROJECT

The information in this report that relates to the Mineral Resource at the Jacomynspan Project is based on information compiled by Mr Jeremy Charles Witley (BSc Hons, MSC (Eng.)), a Competent Person who is registered with the South African Council for Natural Scientific Professionals (Registration No. 400181/05), a 'Recognised Professional Organisation' (RPO) included in a list posted on the ASX website from time to time. Mr Witley is a Principal Resource Consultant at the MSA Group Pty Ltd and a consultant to Orion. Mr Witley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Witley consents to the inclusion in the report of the matters based on his (or her) information in the form and context in which it appears.

BUSINESS REVIEW
CORPORATE

The Company recorded a loss of $8.8 million after tax for the full year ended 30 June 2018. The Company continues to focus strongly on exploration, evaluation and development within its Areachap exploration projects in South Africa. A total of $17.7 million in exploration expenditure was incurred during the year. Cash received from financing activities totalled $23.5 million. Cash on hand at the end of the year was $4.8 million.

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 with leading mining-focused private equity group Tembo Capital Mining Fund II LP (or nominee) (**Tembo Capital**), which contemplated that Tembo Capital would acquire a cornerstone stake in Orion and a strategic relationship would be formed between the two groups (**Placement Agreement**). The Placement Agreement provided for Tembo Capital to subscribe for fully paid ordinary shares (**Shares**) at an issue price of 2.4 cents per Share up to a maximum of $4.7 million, which would give Tembo Capital a 19.9% holding in Orion, subject to the satisfaction of certain conditions including due diligence on the Company to Tembo Capital's satisfaction 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 200.0 million Shares to Tembo Capital (or its nominees) and/or sophisticated and professional investors at an issue price of 2.4 cents per Share, to raise a maximum of $4.8 million no later than 17 August 2017.

In June 2017, Tembo Capital confirmed completion of satisfactory due diligence and nominated that it would subscribe for 125.0 million Shares in the Placement at an issue price of 2.4 cents per Share, raising $3.0 million. The 125.0 million Shares were issued to Tembo Capital on 9 June 2017.

The Placement Agreement also set 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; 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.

As part of this, the Company announced on 17 May 2017 that the ASX had granted the Company a waiver from ASX 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.

On 18 August 2017, the Company announced that it had entered into an agreement with Tembo Capital whereby Tembo would subscribe for a further 73.0 million Shares in the Placement to raise $1.75 million at an issue price of 2.4 cents per Share. In addition, a $6 million bridge loan facility was agreed with Tembo Capital as referred to in the Loan Facilities section below.

INDEPENDENCE GROUP

On 18 May 2018, 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 Independence Group NL (ASX: IGO) (**IGO**), which saw the leading mid-tier miner and explorer become a substantial shareholder in the Company and cemented a collaborative working relationship between the two companies.

The Company entered into an agreement with IGO for IGO to subscribe for a placement of Shares in the Company at 5.0 cents per Share, to raise $5.0 million (**IGO Placement**). On 21 May 2018, the Company announced that it had received $5.0 million from IGO and had issued 100 million Shares to IGO at 5.0 cents per Share (refer below).

The agreement also sets out the terms of an agreed collaborative working relationship between the two parties, whereby IGO has secured matching rights to any potential joint venture or sale of the Company's nickel projects located in the Areachap Belt, South Africa. If the Company wishes to assign the whole or any part of its right, title or interest in any of its South African Nickel Projects (located within a defined area of the Areachap Belt) to a third party, it must first offer to assign such interest to IGO on the same terms and conditions as the proposed terms and conditions of the assignment to the third party.

IGO's preferential rights include the Company's advanced Jacomynspan Nickel-Copper-Cobalt Project, where the Company has announced a JORC compliant Mineral Resource estimate (refer ASX release 8 March 2018). The Company intends to commit a minimum amount equivalent to 30% of the $5 million IGO Placement (being $1.5 million) towards its Nickel-Copper-Cobalt exploration targets.

The IGO Placement and IGO's preferential rights further strengthen the existing relationship between the Company and IGO, following the Company's ASX announcement on 10 March 2017 that the Company and IGO had entered into a joint venture agreement on the Fraser Range Nickel-Copper Project, Western Australia, and that IGO had subscribed for a $1.3 million Share placement in the Company.

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. The JSE listing is consistent with Orion's strategy of engaging South African capital markets in the funding strategy of the Prieska Project. The ability to access South Africa's large parastatal banks and funds, which are captive within South Africa due to South African Exchange Control restrictions, is expected to significantly increase funding options for Orion.

The JSE listing has the additional benefits of:

- providing an accessible market in Orion Shares for South African investors, thus increasing domestic ownership whilst aligning interests with foreign investors;
- allowing Orion to market itself and raise its profile in South Africa, thereby providing Orion with better access to South African institutions and to capitalise on funds that are locked within South Africa's borders due to South African Exchange Control restrictions;
- providing opportunities for South African State Owned Entities to invest in the Prieska Project;
- focussing the attention of potential South African investors on the merits of investing in Orion, thereby helping to enlarge the potential investor pool for the Company and over time improve the liquidity and marketability of Orion Shares;
- allowing the possibility of Orion using its JSE-listed shares to make project acquisitions through non-cash scrip settlements listed on the JSE that would otherwise be precluded due to South African Exchange Control restrictions; and
- adding further momentum to Orion's base metal development strategy in South Africa.

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 Investments Commission.

JACOMYNSPAN NICKEL-COPPER-PGE PROJECT (SOUTH AFRICA) - (EARN-IN RIGHT)

In September 2017, the Company entered into a binding earn-in agreement to acquire the earn-in rights over the Jacomynspan Project from two companies, Namaqua Nickel Mining (Pty) Ltd and Disawell (Pty) Ltd (**Namaqua Disawell Companies**), which hold partly overlapping prospecting rights and mining right applications (refer to Jacomynspan Nickel-Copper-Zinc-Cobalt-PGE Projects (Namaqua-Disawell) section, above). Orion's earn-in right will be via a South African-registered special-purpose vehicle, Area Metals Holdings No 3 (Pty) Ltd (**AMH3**), which was established by the Company 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. AMH3 has the exclusive opportunity to earn up to an 80% interest (Orion 59.2%) in the Namaqua Disawell Companies. The Namaqua Disawell Companies are privately owned South African companies with 26% or greater HDSA ownership.

In February 2018, AMH3 earned its initial interest of 25% (Orion 18.5%) in the Namaqua Disawell Companies after having spent $0.66 million on the Jacomynspan Project and in March 2018, AMH3 was issued with fully paid ordinary shares in the Namaqua Disawell Companies which resulted in AMH3 being the holder of 25% (Orion 18.5%) of the total shares on issue.

Key terms of the transaction are set out in the Directors' Report.

MASIQHAME (SOUTH AFRICA) - (EARN-IN RIGHT)

On 13 March 2018 (**Masiqhame Signature Date**), the Company entered into a binding earn-in agreement principally on the same terms as the term sheet it executed in April 2016, when the Company announced that it had executed a binding option agreement with Masiqhame for Orion to earn up to a 73% interest in Masiqhame Trading 855 Pty Ltd (**Masiqhame**). Masiqhame holds prospecting rights over a large, highly prospective area located approximately 80km north of the Prieska Project (refer to Kantienpan and Boksputs Projects (Masiqhame) above). In 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 ZAR1.5 million (~$0.15 million) by Orion for 50% of Masiqhame shares on issue. In September 2016, the Company announced that it had exercised the option for Orion to acquire an initial 50% 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 has the opportunity to earn up to a 73% interest in Masiqhame through a South African-registered special-purpose vehicle, Area Metals Holdings No 2 (Pty) Ltd (**AMH2**), which was established by the Company as its vehicle for investment in the joint venture.

Under the terms of the transaction, in April 2018, Masiqhame issued AMH2 Masiqhame Shares, which resulted in AMH2 being the holder of 49% of the total Masiqhame Shares on issue. Masiqhame will issue Orion with a further 1% of Masiqhame Shares, which shall result in Orion being the holder of 50% of the total Masiqhame Shares upon the Section 11 consent having been granted by the DMR. Orion has submitted the Section 11 consent application to the DMR. Orion was appointed operator of the prospecting rights and has the right to appoint the majority of directors to the board of Masiqhame.

Key terms of the transaction are set out in the Directors' Report.

SALE OF CONNORS ARC PROJECT (QUEENSLAND)

On 2 May 2018, the Company announced to the ASX that it had entered into a binding sale agreement with Evolution Mining Limited (**Evolution**), for Evolution to acquire 100% of the Company's Connors Arc Project (**Tenements**) in Queensland. Consideration for the sale of the Tenements consists of $2.5 million cash and a 2% royalty on net smelter returns from the sale of gold recovered and sold by Evolution from the Tenements to a value of $5.0 million. The Company received an initial payment of $2.0 million cash in July 2018.

The sale of the non-core Tenements is consistent with the Company's decision to place greater focus on its flagship Prieska Project and its highly prospective regional exploration projects within the Areachap Belt.

CAPITAL RAISINGS

During the year, the Company completed capital raising initiatives of $17.3 million and in August 2018, a further $8.1 million capital was raised to support the Company's exploration and development plans.

In addition, in August 2018, Tembo Capital subscribed for $6.4 million in Shares, following Orion's agreement with Tembo Capital that Tembo Capital's Share subscription be issued in consideration for reducing the amount re-payable to Tembo Capital under the Loan Facility (refer below).

Additional information as to the Company's capital raising activities forms part of the Directors' Report.

LOAN FACILITIES

1. Bridge Loan Facility

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

On 25 June 2018, the Company announced that in addtion to the $11 million placement (refer to Directors' Report for additional information), that Tembo Capital had confirmed its continued support of Orion through subscribing for $6.4 million in Shares, at an issue price of 3.7 cents per Share, being the issue price for shares issued under the placement. Orion agreed with Tembo Capital that Tembo Capital's Share subscription be issued in consideration for reducing the amount re-payable to Tembo Capital under the Loan Facility at a deemed issued price of 3.7 cents per Share, being the same issue price as the shares being offered under the placements. The balance of the Loan Facility (including accrued interest) following this repayment was $0.54 million.

Additional information as to the Loan Facility forms part of the Directors' Report.

2. Convertible Notes

On 17 March 2017, the Company issued 232.7 million convertible notes, each with a face value of 2.6 cents, raising $6.05 million. Additional information regarding the convertible notes forms part of the Directors' Report.

3. Anglo American Sefa Mining Fund 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 advanced ZAR14.25 million to Repli. On 1 August 2017, Repli drew down on the available AASMF loan in full. Additional information as to the AASMF loan forms part of the Directors' Report.

4. Redeemable Preference Shares

A subscription agreement was entered into between Repli and AASMF on 2 November 2015. Under the terms of the agreement, AASMF subscribed for 15.75 million Repli redeemable preference shares at a subscription price of ZAR1 per redeemable preference share. On 5 November 2015, AASMF paid the subscription price to Repli and the preference shares were issued to AASMF by Repli.

Additional information as to the preference shares forms part of the Directors' Report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

YOUR DIRECTORS SUBMIT THEIR REPORT FOR THE YEAR ENDED 30 JUNE 2018.

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.	None	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
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

DIRECTOR	DESIGNATION	QUALIFICATIONS, EXPERIENCE & EXPERTISE	DIRECTORSHIPS OF OTHER LISTED COMPANIES	OTHER ROLES HELD DURING THE YEAR
Mark Palmer Appointed 31 January 2018	Non-executive Director	BSc Mining Geology (Cardiff University) Mr Palmer has 12 years' experience working with entities in Australia, including 8 years with Dominion Mining. In 1994 Mr Palmer joined NM Rothschild & Sons Limited in the London mining project finance team assessing mines and projects globally. In 1997, Mr Palmer moved to the investment banking team at UBS to focus on global mergers and acquisitions, equity and debt financing in the mining sector. Mark ran the EMEA mining team at UBS for 8 years. Mr Palmer joined Tembo Capital as Investment Director in 2015.	None	
Michael Hulmes Appointed 17 April 2018	Non-executive Director	BSc Mining Engineering (Royal School of Mines) MBA Mr Hulmes is a mining engineer with over 30 years' experience in the mining industry having held senior management roles in Australia, Papua New Guinea, Portugal, Spain, Saudi Arabia, Africa and China. He has extensive experience in zinc, copper, gold and nickel mining operations. As Managing Director, Mr Hulmes was responsible for the large Neves-Carvo – VMS Copper Zinc and Aguablanca – Copper Nickel Mines for Lundin Mining in Portugal and Spain respectively. Prior senior management positions include companies such as the Ok Tedi Mine in Papua New Guinea, Citadel Resources in Saudi Arabia and Barrick's Australian operations. Michael was most recently the General Manager of the Caijiaying Zinc/Gold Mine at Hua Ao Mining Industry Company in China.	Transatlantic Mining Corporation	
William Oliver Appointed 7 April 2014. Resigned 17 April 2018	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.	Tando Resources Ltd, Koppar Resources Ltd, Celsius Resources Ltd Minbos Resources Ltd (all ongoing)	

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 is an FCPA with over 20 years' experience in exploration, mine development and operations and was Chief Financial Officer, Company Secretary and Business Development Manager 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 3M 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.

CORPORATE STRUCTURE

Orion Minerals Ltd (**Orion** or **Company**) is a 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 year was exploration, evaluation and development of base metal, gold and platinum-group element projects in South Africa (Areachap Belt, Northern Cape). The Company also holds interests in 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

In March 2017, Orion 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**). During the financial year, at the Prieska Project, the Company completed its maiden Mineral Resource drill-out campaign and commenced a bankable feasibility study (**BFS**) in July 2017, which is targeted for completion in the first quarter of 2019. The Company also continued active exploration programs on its highly prospective tenements located in the Northern Care, South Africa.

HEALTH AND SAFETY

Health and safety performance on all Company projects was excellent, with no lost time injuries reported during the year. An aggregate of approximately 330,000 man hours were worked for the year. A summary of the man hours worked is shown in the table below:

CATEGORY OF WORK	YEAR ENDED 30 JUNE 2018
Exploration Mine re-entry	314,239 15,604
TOTAL	**329,843**

COMMUNITY AND CORPORATE SOCIAL RESPONSIBILITY

The Company continued constructive engagements with communities and local government in the vicinity of its South African projects.

In October 2017, a Memorandum of Understanding (**MoU**) was signed with the Siyathemba Municipality, within which the Prieska Project and satellites are situated. The MoU aims to facilitate collaboration on local community and social investment projects. A Steering Committee was constituted to administer the MoU and this has met regularly, supporting initiatives in the strategic focus areas of education, water infrastructure, residential development and environmental protection.

In March 2018, the Company presented the Prieska Project Social and Labour Plan (**SLP**) to the Siyathemba Municipal Council as part of the Repli Mining Right application process. The SLP encompasses the commitments the Company will make to undertake local sustainable economic development and the skilling of its workforce as part of mining operations. The Municipal Council endorsed the plan.

An Orion community liaison office was established in the town of Prieska, during October 2017. The office serves as a base for community engagement in the region and to promote local enterprise development initiatives.

In August 2018 the Company organised an educational seminar for Small, Medium and Micro-sized Enterprises and Non-Governmental Organisations (**NGO**) in Prieska. Presenters included the Department of Economic Development and Tourism, South African Revenue Services and the Industrial Development Corporation. The event was well attended with more than 70 representatives from a cross section of the Prieska business and NGO community. The Company hosted community engagement forums updating stakeholders on progress on relevant projects.

ENVIRONMENTAL MANAGEMENT

No environmental incidents were recorded at any of the Company's projects during the financial year or up until the date of this report.

PRIESKA ZINC-COPPER PROJECT (PRIESKA PROJECT)

OVERVIEW

The Prieska Project remains the focus of the Company's activities and is at an advanced stage of feasibility studies. Orion, through two subsidiary companies, Repli Trading No 27 (Pty) Ltd and Vardocube (Pty) Ltd, holds a 73.3% interest in the Repli Prospecting Right (**Repli**) and a 70% interest in the Vardocube Prospecting Right (**Vardocube**). Together, these two mineral tenements cover the un-mined dip and strike extensions of the Prieska deposit, a volcanogenic massive sulphide (**VMS**) body, mineralised with zinc and copper. The deposit has significant remaining potential, having been partially-exploited when Prieska Copper Mine Limited operated as an underground mine between 1971 and 1991. Orion is focused on fast tracking the Prieska Project to production.

During the year, resource drilling continued, aimed at confirming zinc and copper mineralisation within those parts of the Prieska Deposit extensively drilled by previous owners, at depth (**Deep Sulphide Target**) and near-surface (**+105 Level Target**).

Drilling within Vardocube, which encompasses the south-eastern strike extension of the Deep Sulphide Target, commenced soon after the granting of the prospecting right on 4 April 2018 (refer ASX release 4 April 2018).

Resource drilling at the +105 Level Target was completed in October 2017 and a maiden total Mineral Resource for the Prieska Project was reported in February 2018 (refer ASX release 8 February 2018). Resource drilling continued at a rapid pace at the Deep Sulphide Target and an updated Deep Sulphide Mineral Resource was reported on 9 April 2018 (refer ASX release 9 April 2018). Infill drilling to increase sample density in the Deep Sulphide Mineral Resource then continued with the aim of sufficiently upgrading the Mineral Resource estimate categories to support a mine feasibility study. Infill drilling is scheduled for completion in Q4 2018.

A BFS and environmental impact assessment (**EIA**) commenced in July 2017, with expert consultants being appointed to lead these work streams. The BFS and EIA are being conducted in parallel with the resources drilling program and are scheduled to be completed by Q1 2019. All activities are taking advantage of the substantial database and infrastructure remaining from historical mining operations at the Prieska Copper Mine.

Mining Right and Environmental Authorisation applications over Repli, based on conceptual mine designs, were submitted in April 2018. The stipulated time for such applications to be processed is 300 days from submission. The Mining Right and Environmental Authorisation applications for the Vardocube portion of the deposit were submitted late September 2018.

+105 LEVEL TARGET (OPEN PIT) RESOURCE DRILLING PROGRAM

The drilling program, designed to confirm, in-fill and extend near-surface historical drilling and targeting mineralisation expected to be amenable to open pit mining, was completed in October 2017. Supergene mineralisation, extending from near surface to approximately 100 metres below surface, holds an Indicated Mineral Resource of 1.2M tonnes grading 2.6% zinc and 2.4% copper (refer ASX release 8 February 2018).

A total of 1,179m of reverse circulation (20 holes) and 1,873m of diamond core drilling (17 holes) was carried out by the Company (refer ASX releases 12 December 2017, 17 September 2017, 6 September 2017, 25 May 2017, 16 December 2016, 7 December 2016, 2 November 2016, 14 September 2016, 22 August 2016 and 25 July 2016). Results of the last two diamond drill holes completed at the +105 Target, which returned high copper values, are shown below (refer ASX releases 12 December 2017 and 19 September 2017):

- 21.69m at 0.17% Zn, 5.05% Cu, 0.18g/t Au and 6g/t Ag (OCOU075); and
- 13.33m at 0.23% Zn, 3.08% Cu, 0.17g/t Au and 6g/t Ag (OCOU076).

DIRECTORS' REPORT
(CONTINUED)

DEEP SULPHIDE TARGET (UNDERGROUND) RESOURCE DRILLING PROGRAM

The Company continued with a major drilling program designed to evaluate the Deep Sulphide Target extending to 1.2km below surface. 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 should add to infill data to meet the requirements of an Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition) (**JORC**) compliant Mineral Resource estimate. Inferred Mineral Resources of 22.6Mt grading 3.7% Zn and 1.2% Cu at Repli and 5.2Mt grading 4.9% Zn and 1.3% Cu was reported (refer ASX release 9 April 2018).

As at 12 September 2018, 73,940m of diamond drilling and 9,462m of percussion, pre-collar drilling has been completed on the Deep Sulphide Target. To date, the Company has announced drilling results of 33 mother drill holes and 28 deflections from the Deep Sulphide Target (refer ASX releases 18 September 2018, 16 July 2018, 19 February 2018, 1 February 2018, 12 December 2017, 8 November 2017, 9 October 2017, 5 October 2017, 17 September 2017, 6 September 2017, 27 July 2017 and 17 July 2017).

During the current reporting period, drilling continued to intersect massive sulphide mineralisation with high copper and zinc tenors on both the Repli and Vardocube areas. Significant intersections made have been reported in various ASX releases.

In the north-west of the Deep Sulphide Target, down hole electromagnetic (**EM**) surveying detected two off-hole conductors: one up-dip to the north-east, and the other parallel to the fold axis of the Prieska Synform (refer ASX release 6 September 2017). Follow-up drilling of the up-dip conductor intersected thick massive sulphides. Additional drilling successfully defined a thick, north-east trending lobe of massive sulphide mineralisation, both to the south-west and north-east of the intersections.

Two drill holes located in the south-eastern part of the Deep Sulphide Target on Repli intersected thick massive sulphide mineralisation, as well as a second mineralised zone within the footwall.

The Company's first holes testing the south-eastern continuation of the Deep Sulphide Target on Vardocube intersected massive sulphides with high zinc and copper grades.

Drilling continues with completion of the program scheduled for mid-October 2018.

FEASIBILITY STUDIES

The Prieska Project has advanced significantly since beginning in mid-2017 after a review of previous studies and opening-up of the historical mine to gain access to the upper mining levels were completed in Q2 2017. Various workstreams are well advanced in defining the Mineral Resource, geotechnical design data, mining methodologies and layouts, metallurgical testing and flow-sheet design, mine de-watering, rock hoisting and general infrastructure and services. Concurrent to the technical studies, a social and labour plan has been prepared and endorsed by the local municipality, specialist environmental studies have been carried out and submitted to the relevant authorities. Financial evaluation is well-advanced which is assisting in testing various scenarios around mining and processing capacity, cut-off grades and capital intensity.

The feasibility study team is led by DRA Projects SA Pty Ltd (**DRA**), and is augmented by PCDS Mining Consultants, Fraser McGill Mining and Minerals Advisory, METC Process Engineering Consultants, Mining Engineering and Technical Services at Shaft Sinkers Pty Ltd and the MSA Group to assist with mining, ore processing, shaft trade-off studies and Mineral Resources to Ore Reserves analysis.

UNDERGROUND MINING

Studies have progressed on both underground and open-pit designs and schedules to determine mineable tonnes based on the current Mineral Resources. For underground mining, a combination of long-hole open stoping and drift and fill mining are being considered using paste back-fill to maximise mining extraction. Mechanised mining equipment is planned to be utilised with a limited amount of rail transport leveraging off existing infrastructure that remains from the historical operations. Design work is now focusing on determining the optimum mining rate to improve project economics.

The existing Hutchings Shaft was for rock hoisting and men and materials transport. This shaft, which is 8.8m in diameter, concrete-lined and a depth of 1,024m is planned to be incorporated into the new designs. The shaft steelwork has remained in place and test-work carried out indicates that the steel is generally in good condition. Further analysis is being conducted based on the test results, which will determine the amount of steel that needs to be replaced.

Ventilation simulations are underway to determine the air requirements for the proposed underground mining operation based on the planned mining machinery fleet.

After the mine closed in 1991, pumping was stopped, and the mine has subsequently filled with water up to 330m below surface. It is estimated that the volume of water is approximately 8.7M cubic metres. The water is very close to neutral, with a pH of 7.4, although dissolved metals in the water are above those recommended for long-term human consumption. Several dewatering methods are being investigated including the use of a single-lift submersible pumping assembly or a more conventional cascading pumping arrangement.

Once the water is pumped to surface a forced evaporation system is planned to be used to dispose of the water. This is a proven and widely used method of dealing with excess water.

OPEN PIT MINING

Conventional open pit mining methods are planned to exploit the near-surface Mineral Resource which has a relatively short operating life of around two years. The pit would extract supergene material which would be treated separately at the end of the underground mining life due to the more complex metallurgical characteristics of the material. Oxide material is also present within the pit design and this is planned to be stockpiled for potential treatment in the future as current metallurgical testing has not proved successful in extracting zinc and copper from this material. The open-pit is planned to be a conventional mining operation using mining contractors.

METALLURGY AND MINERAL PROCESSING

The historical Prieska Copper Mine utilised a conventional crushing-milling-froth floatation processing circuit and life-of-mine metal recoveries of 85% for copper and 84% for zinc were achieved. Concentrate grades ranging between 28% to 30% for copper concentrates and 51% to 53% for zinc concentrates were recorded. The BFS metallurgical test program is expected to demonstrate that these results can be repeated or improved upon and where possible improve the process flowsheet and introduce more modern reagents to improve the recovery process. The test-work commenced in late 2017 at the Mintek Laboratories in Johannesburg under the guidance of the DRA metallurgical team.

Metallurgical studies are being conducted in three defined phases as part of the BFS:

- Phase 1- flotation amenability scouting: to determine whether froth flotation can continue to be used to recover and concentrate zinc and copper sulphides from the dip and strike extensions of the Prieska Deep Sulphide mineralisation that is targeted for future mining;
- Phase 2 - flowsheet development: to derive a froth flotation-based processing flowsheet, able to produce separate zinc and copper concentrates, within targeted quality ranges and achieve high metal recoveries from all metallurgical zones of the near-surface supergene and Deeps sulphide mineralisation; and
- Phase 3 – optimisation and detailed design: the final stage of metallurgical design, which aims to optimise, validate and conclude a detailed design of the processing plant, to enable production scheduling and accurate costing.

The Phase 1 stage of the test program proved that both deposits are amenable to froth flotation recovery techniques.

Phase 2 testing employed locked-cycle testing for a blend of Deep Sulphide samples. These tests resulted in 80% to 86% recovery of copper and 91% to 94% recovery of zinc into marketable concentrates. Copper concentrate grades ranged from 21% to 24%, whilst the zinc concentrate grades ranged from 45% to 54%. The recovery results correlate well with historical performance.

Due to the selected flowsheet for the supergene mineralisation, only open-cycle testing could be used. Copper recoveries of between 44% to 78% were achieved at concentrate grades in the range of 27% to 32%. Zinc recoveries of 30% to 88% at concentrate grades of 23% to 36% were achieved for samples with a zinc grade of greater than 2.5%. The near-surface supergene mineralisation makes up approximately 4% of the total Project Mineral Resource and the open pit mining is planned to take place at the end of the underground mining operation, reducing the adverse impact of lower recoveries on project economics.

Based on these test results, the Company can now predict the concentrate grades likely to be produced from the various areas of the Mineral Resource. This enables optimisation of the mine to market concentrate logistical chain to maximise the net smelter return and in turn revenue.

Phase 3 of the testing program is under way. This will determine power requirements for the primary and re-grind mills motors and product size distributions which will refine downstream design parameters.

POWER SUPPLY

Eskom, the national power supply entity, operates the Cuprum sub-station at the Prieska Project site that was originally established for the Prieska Copper Mine. Since the mine closed, the sub-station capacity was down-rated to 10 MVA and additional power will now be required for the planned mine. The current estimate is that approximately 35 MVA of power may be required.

DIRECTORS' REPORT
(CONTINUED)

The Company has commissioned electrical engineering company, PPE Technologies to carry out the design and costing of the upgrade which will take the form of a feeder-bay installation within the Cuprum sub-station supplying a new 132kV to 11kV mine sub-station within the Project boundary. The approval timeframe has been scheduled at six months, following which a three-month construction and commissioning phase will follow. The supply of power from nearby renewable energy power plants is also being investigated.

BULK WATER SUPPLY

Water is currently piped to the Project site via a 60 km line from the water works at the town of Prieska on the Gariep River. The pipeline also serves other users in the Project area. Negotiations with the Siyathemba Municipality who operate the water works and Alkantpan[1] who own the pipeline are underway and Draft Memorandums of Understanding are being reviewed by all parties. The water works capacity requires upgrading to accommodate the planned water requirement for the Prieska Project which the Company has committed to fund.

CONCENTRATE LOGISTICS AND MARKETING

Historically the Prieska concentrates were noted as being "clean", that is with low levels of impurities or penalty elements such as cadmium, bismuth and mercury. It is therefore anticipated that there is a ready market for the concentrates produced from the Prieska Project. Currently smelter customers in Asia and Europe are being targeted for the sale of concentrates. Concentrate transporting options are being considered to various ports. The complete product logistics solution is planned for completion during Q4 2018.

MINING RIGHT APPLICATION

A Mining Right Application for the Repli portion of the Copperton deposit was submitted to the Department of Mineral Resources (**DMR**) in April 2018, based on a conceptual project plan (refer ASX release 9 April 2018). The Application included a Mine Works Program which outlines the planned business case encompassing all technical and financial aspects of the Project, a Social and Labour Plan and an Environmental Application. Work continued in the months following the April submission and post the financial year-end, the final Environmental Impact Report, Waste Management Licence and Water Use Licence were all submitted to the relevant authorities within the stipulated time frames. Interactions with representatives from the various government departments have already taken place and will continue as part of the review process. The environmental approval is granted first, and this is expected during December 2018, following which the Mining Right approval is anticipated to be granted by the end of Q2 2019.

NEAR-MINE EXPLORATION

ANNEX COPPER DEPOSIT

The Bartotrax Prospecting Right (**Bartotrax**), which includes the Annex Volcanogenic Massive Sulphide Copper Deposit (**Annex**), was granted by the DMR on 4 April 2018 (refer ASX release 4 April 2018). Annex, located 6 km south of the Prieska Project, was discovered by Anglovaal Limited in 1969. Anglovaal's diamond drilling at Annex followed up on conductors detected by airborne Input EM surveys and succeeded in delineating semi-massive to massive sulphide mineralisation. Mineralisation was identified over a strike length of 1,000m and followed down to 550m below surface. The deposit remains open in depth.

Orion commenced ground EM surveying to explore for possible strike and depth extensions of Annex in August 2018. Three loops of Fixed Loop Time Domain Electromagnetic (**FLTDEM**) surveys have now been completed by Orion using sensitive detection systems. An EM conductor has been detected approximately 1,000m west of Annex. Additional surveying to better define the extent of this conductor, and additional loop testing along strike and to the east of known mineralisation, are currently in progress. Diamond drilling will commence on the EM target once the modelling has been finalised.

Alkantpan is a division of ARMSCOR a South African Government entity involved in weapons manufacturing and testing.

THE MAGAZINE ANTIFORM

The Magazine Antiform presents a large, blind target area where legacy previous work reported an alteration zone similar to the alteration at the Prieska Deposit, which is scheduled to be the next priority target for EM surveying (refer ASX release 18 September 2018).

[1] Alkantpan is a division of ARMSCOR a South African Government entity involved in weapons manufacturing and testing.

REGIONAL EXPLORATION

JACOMYNSPAN NICKEL-COPPER-COBALT-PGE PROJECT

In February 2018, Orion entered into an earn-in agreement to acquire an effective 59.2% of the Namaqua Mining Right and Disawell Prospecting Right (**Namaqua-Disawell**) covering an area of 626km² 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. Orion currently holds an effective 18.5% of these companies.

Known Ni–Cu mineralisation occurs on the Jacomynspan, Area 4 and Rok Optel projects. The Jacomynspan Deposit, discovered in 1973, has been investigated by several mining and exploration companies. A JORC-compliant Mineral Resource estimate has been reported (refer ASX release of 8 March 2018) for the Jacomynspan Deposit, and a mining concept study was done in the past.

The Jacomynspan Complex is located within the Areachap Belt, which formed as a complex, long-lived, multi-phase orogenic assembly zone related to the amalgamation of the Rodinia Supercontinent. The event that resulted in the emplacement of the Jacomynspan Complex is part of a global event associated with several world-class nickel-sulphide deposits such as Voisey's Bay, Kabanga and Nova-Bollinger. Orion's exploration is aimed at 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.

Using historic data, the Mineral Resources for Jacomynspan has been assessed by Mike Scott and Associates in compliance with the JORC Code. Using a 0.4% Ni cut-off grade, a total Mineral Resource of 6.8 Mt containing 39,480 tonnes of Ni, 23,070 tonnes of Cu and 1,800 tonnes of Co were declared (refer ASX release 8 March 2018).

During the year, the Company completed detailed studies on the Jacomynspan Complex and its Ni-Cu sulphide mineralisation that shows sulphide mineralisation to occur as primary disseminated sulphide, as well as injected coarse net-textured and massive sulphide veins. The presence of injected sulphides suggests that larger volumes of massive sulphide mineralisation may be present. Orion's exploration is aimed at targeting this style of mineralisation.

Namaqua-Disawell was partly covered by an Airborne Electro-Magnetic (**AEM** or **SkyTEM™**) survey over the prospective parts of Masiqhame and Namaqua-Disawell (refer ASX release 1 February 2018).

Two SkyTEM™ anomalies (Rok Optel and Area 4) have been prioritized for follow-up work. On both targets, modelling of data suggests that SkyTEM™ targets on these prospects were not adequately tested by historic diamond drilling. FLTDEM surveys and geological mapping over Rok Optel and Area 4 commenced in May 2018 (refer ASX release 3 July 2018). Seven grids were surveyed using FLTDEM including an orientation survey over the Jacomynspan Ni-Cu Deposit.

The results from the FLTDEM surveys on Rok Optel and Area 4 are most encouraging with conductors having conductance which are orders of magnitude higher than those measured over the known Mineral Resource at Jacomynspan. Historic drill holes intersected Ni-Cu mineralisation on both prospects, but did not intersect the zones of highest conductance now detected using FLTDEM. Known Ni-Cu mineralisation in proximity of the modelled conductors at both Areab4 and Rok Optel upgrades the potential for finding higher grade Ni-Cu mineralisation associated with the modelled conductors.

Diamond drilling commenced on 10 July 2018 on Rok Optel (refer ASX release 30 July 2018). Two holes have been completed while a third hole is currently in progress.

Drill hole OROD001 intersected 192.63m of intrusive rocks, 104.41m of which hosts sulphide mineralisation, including massive sulphide veins and stringer mineralisation. Significant intersections made in OROD001 are included in ASX release of 10 September 2018.

Sulphide mineralisation was intersected at several horizons in OROD002, including massive, injected stringers, coarse blebs and patchy network styles, all of which are typical of conduit-style mineralisation. Assay results are awaited and drilling is continuing.

MASIQHAME PROSPECTING RIGHT (MASIQHAME)

In March 2018, Orion entered into an earn-in 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 980km², located 80km north of the Prieska Project. Orion is currently focussing on VMS style mineralisation on Masiqhame and during 2018 Orion completed a regional SkyTEM™ survey over the prospecting right and is continuing with FLTDEM surveys and geological mapping over selected SkyTEM™ anomalies as part of prioritizing VMS Zn-Cu drill targets.

Two VMS deposits, Kantienpan and Boksputs, as well as several other Zn-Cu occurrences, are known to exist on Masiqhame. A high-powered fixed loop electromagnetic survey conducted on Kantienpan by the Company in 2016 detected previously unknown conductors below and along strike of known mineralisation. Drill testing of the conductors yielded encouraging results with massive sulphides intersected (refer ASX release 29 September 2016). These results highlight the potential for new discoveries using modern geophysical methods in the Areachap Belt. Mineralisation at the Kantienpan Deposit remains open both along strike and at depth.

A 962km^2 helicopter-borne magnetic and AEM over the Masiqhame and Namaqua-Disawell prospecting rights was completed on 24 January 2018 (refer ASX release of 1 February 2018). The survey succeeded in acquiring high quality data over VMS Zn-Cu mineralisation on Masiqhame. The SkyTEM™ system used is discussed in the Namaqua-Disawell section.

The airborne magnetic data obtained with the SkyTEM™ surveys is superior to any regional airborne magnetic data previously available over the prospecting right and allowed for more detailed regional geological interpretations and targeting. Selected SkyTEM™ targets are currently being followed up with detailed geological mapping and FLTDEM surveys. Three FLTDEM surveys have been completed. Two of the conductors in the Boksputs VMS camp offer compelling drill targets (refer ASX release 24 September 2018). The Company plans to continue with FLTDEM surveys over selected SkyTEM™ anomalies. This will be followed by diamond drilling.

MARYDALE GOLD-COPPER PROJECT

Orion holds prospecting rights over the Marydale Gold-Copper Project, a deposit of possible high sulphidation epithermal origin located 60 km from the Prieska Project. Historical drilling was carried out at various orientations and, despite wide zones of mineralisation being intersected, the majority of these are now seen to be sub- optimal.

Drilling by the Company in 2016 confirmed historic drill results. Initial interpretations, based on data from oriented core, revealed that the host lithology is in a structurally complex, folded and sheared package. The Company is currently reinterpreting the drill data and assessing the economic potential of this deposit.

CONNORS ARC EPITHERMAL GOLD PROJECT (QUEENSLAND)

During the 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 announced on 2 May 2018 a binding sale agreement with Evolution Mining Limited for 100% interest sale of the Connors Arc Project, refer to the Corporate section for more information.

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 (JVA, refer ASX release 10 March 2017).

IGO is completing a major regional scale interpretation of the geological framework of the Albany-Fraser Orogen based on first pass aircore drilling (principally used to improve the understanding of the bedrock geology in the project area) and high resolution geophysical data including a regional scale Spectrem airborne EM survey. The regional scale work is also enabling areas with lower prospectivity, either due to the underlying geology or the depth of transported cover, to be identified and relinquished so that exploration can focus on the most prospective areas.

In addition to the regional scale surveys, a ground EM survey was completed on parts of the Orion tenements where VTEM and aircore geochemistry anomalism has previously been identified. Under the JVA, IGO is responsible for all exploration on the tenements and provides regular updates to Orion of its activities and results arising from them.

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 (**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

CAPITAL RAISINGS

- On 17 August 2017, the Company issued 73.0M ordinary fully paid shares (**Shares**) at an issue price of 2.4 cents per Share to raise $1.75M by way of placement to Tembo Capital Mining Fund II LP (or nominee) (**Tembo Capital**) (refer below for further detail).
- On 30 October 2017, the Company announced that it was undertaking a capital raising of up to 229.17M Shares 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 – 144.6M 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 ratified by shareholders at the Company's general meeting held on 13 December 2017; and
  - Tranche 2 – 84.6M Shares to raise $2.03M were issued on 18 December 2017 and 19 December 2017 as approved by shareholders at the Company's general meeting held on 13 December 2017.

  On 18 December 2017, the Company issued 10.4M 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 held on 13 December 2017.
- As a result of the capital raisings in October and December 2017, totalling $5.75M, Tembo Capital's interest in Orion was diluted. Pursuant to the Top-up Right (refer below for further detail), Orion offered Tembo Capital the right to subscribe for up to 60.0M Shares at the same issue price as the Shares offered under the capital raisings above, which would allow Tembo Capital to maintain its 19.99% holding in Orion. On 29 December 2017, the Company issued 60.0M 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.
- On 18 May 2018, the Company announced that it had entered into an agreement with leading mid-tier miner, Independence Group NL (ASX: IGO) (**IGO**), for IGO to subscribe for a placement of Shares at 5.0 cents per Share, to raise $5M. On 21 May 2018, the Company issued 100.0M Shares to IGO, using the Company's 15% placement capacity under ASX Listing Rule 7.1. The issue of Shares was subsequently ratified by shareholders at the Company's general meeting held on 3 August 2018 (refer below for further detail).
- On 25 June 2018 the Company announced an $11M capital raising at an issue price of 3.7 cents per Share. One member of Orion's Black Economic Empowerment Partner in South Africa also subscribed for an additional $0.25M in Shares at an issue price of 3.7 cents per Share, which was added to Tranche 2 of the capital raising. The capital raising occurred in two stages, being:
  - Tranche 1 – 91.6M Shares to raise $3.39M were issued on 29 June 2018, using the Company's 15% placement capacity under ASX Listing Rule 7.1. The issue of Shares was subsequently ratified by shareholders at the Company's general meeting held on 3 August 2018; and
  - Tranche 2 – 212.5M Shares to raise $7.86M were issued on 15 August 2018 as approved by shareholders at the Company's general meeting held on 3 August 2018.

  In addition to the placements, the Company also obtained shareholder approval at the general meeting held on 3 August 2018, to enable the Company's Chairman, Mr Denis Waddell, to subscribe for 6.8M Shares at 3.7 cents per Share to raise $0.25M and for Tembo Capital (or nominee) to subscribe for 172.9M Shares at 3.7 cents per Share. On 23 August 2018, the Company issued:
  - 6.8M Shares at 3.7 cents per Share to Mr Denis Waddell (or nominee); and
  - 172.9M Shares at a deemed issue price of 3.7 cents per Share to Tembo Capital (or nominee).

  The 172.9M Shares issued to Tembo Capital were issued in consideration for reducing the amount repayable to Tembo Capital under the loan facility between the Company and Tembo Capital, pursuant to which Tembo Capital advanced $6M in funds to Orion (excluding capitalised interest and fees) (refer below for further detail).
- On 15 August 2018, the Company issued 6.8M Shares at 3.7 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 held on 3 August 2018.

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 with leading mining-focused private equity group, Tembo Capital, which contemplated that Tembo Capital would acquire a cornerstone stake in Orion and a strategic relationship would be formed between the two groups (**Placement Agreement**). The Placement Agreement provided for Tembo Capital to subscribe for Shares at an issue price of 2.4 cents per Share up to a maximum of $4.7M which would give Tembo Capital a 19.9% holding in Orion, subject to the satisfaction of certain conditions including due diligence on the Company to Tembo Capital's satisfaction 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 200.0M Shares to Tembo Capital (or its nominees) and/or sophisticated and professional investors at an issue price of 2.4 cents per Share, to raise a maximum of $4.8M no later than 17 August 2017.

In June 2017, Tembo Capital confirmed completion of satisfactory due diligence and nominated that it would subscribe for 125.0M Shares in the Placement at an issue price of 2.4 cents per Share raising $3.0M. The 125.0M Shares were issued to Tembo Capital on 9 June 2017.

The Placement Agreement also set 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.

As part of this, the Company announced on 17 May 2017 that the ASX had granted the Company a waiver from ASX 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 (**Top-up Right**).

On 18 August 2017, the Company announced that it had entered into an agreement with Tembo Capital whereby Tembo would subscribe for a further 73.0M Shares in the Placement to raise $1.75M at an issue price of 2.4 cents per Share. In addition, a $6M bridge loan facility was agreed with Tembo Capital as referred to in the Loan Facilities section below.

LOAN FACILITIES

1. Bridge Loan Facility

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

- Bridge Loan Amount - Up to $6M, available in two 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.

On 15 November 2017, an extension to the term of the Loan Facility from 15 December 2017 to 31 May 2018, was agreed between the parties. 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). On 31 May 2018, an extension to the term of the Loan Facility from 31 May 2018 to 30 September 2018 was agreed between the parties.

On 25 June 2018, the Company announced in addition to the $11M placement (refer above for further detail), that Tembo Capital had confirmed its continued support of Orion through subscribing for $6.3M in Shares, at an issue price of 3.7 cents per Share, being the issue price for shares issued under the placement. Orion agreed with Tembo Capital, that Tembo Capital's Share subscription be issued in consideration for reducing the amount re-payable to Tembo

Capital under the Loan Facility at a deemed issued price of 3.7 cents per Share, being the same issue price as the shares being offered under the placements. The balance of the Loan Facility (including accrued interest) following this repayment was $0.54M.

At the end of the reporting period, $6M had been drawn down against the Loan Facility (excluding capitalised interest and fees).

2. Convertible Notes
On 17 March 2017, the Company issued 232.69M convertible notes each with a face value of 2.6 cents, raising $6.05M (**Notes**). Key terms of the Notes are as follows:

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

Interest accrued at the end of the reporting period was $0.2M.

3. Anglo American Sefa Mining Fund 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 advanced ZAR14.25M to Repli. The key terms of the agreement are as follows:

- Loan amount ZAR14.25M;
- Interest rate will be the prime lending rate in South Africa;
- The disbursement of the loan will be subject to AASMF notifying Repli that it is satisfied with the results of the updated scoping study;
- Repayment date will be the earlier of 3 years from the date of the advance or on the date which Repli raises any additional finance for the further development of the 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. 40M (ZAR14.25M)). Interest accrued at the end of the reporting period was $0.14M.

4. Redeemable Preference Shares
A subscription agreement was entered into between Repli and AASMF on 2 November 2015. Under the terms of the agreement, AASMF subscribed for 15.75M Repli redeemable preference shares at a subscription price of ZAR1 per redeemable preference share. The key terms of the agreement are as follows:

- 15.75M cumulative redeemable non-participating preference shares;
- Subscription price ZAR15.75M;
- Dividend rate – prime lending rate in South Africa;
- Dividend payment – dividends accrue annually based on the subscription price. Fifty percent of the dividends which have accrued and accumulated from the date of issue until 2 years after the Copperton Project mining right (Mining Right) has been issued shall become due and payable on the scheduled dividend date (approximately 4 years after the issue date). Balance of the accrued and accumulated dividends to be paid at the relevant redemption date;
- Redemption date is the earlier of 7 years after the issue date or 4 years after the Mining Right has been issued;

- Redemption amount consists of:
  - ZAR15.75M;
  - any unpaid and accumulated dividends; and
  - Settlement premium based on 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 and the use the results to update the scoping study.

On 5 November 2015, AASMF paid the subscription price of ZAR15.75M (~$1.6M) to Repli and the preference shares were issued to AASMF by Repli. As at 30 June 2018, the provision for dividends and settlement premium totalled $0.6M (ZAR6.3M) (effective rate 13.5%).

INDEPENDENCE GROUP

On 18 May 2018, 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 IGO, that saw the leading mid-tier miner and explorer become a substantial shareholder in the Company and cementing a collaborative working relationship between the two companies.

The Company entered into an agreement with IGO, for IGO to subscribe for a placement of Shares in the Company at 5.0 cents per Share, to raise $5.0M (**IGO Placement**). On 21 May 2018, the Company announced that it had received $5.0M from IGO and had issued 100M Shares to IGO at 5.0 cents per Share (refer above).

The agreement also sets out the terms of an agreed collaborative working relationship between the two parties, whereby IGO has secured matching rights to any potential joint venture or sale of the Company's nickel projects located in the Areachap Belt, South Africa. If the Company wishes to assign the whole or any part of its right, title or interest in any of its South African Nickel Projects (located within a defined area of the Areachap Belt) to a third party, it must first offer to assign such interest to IGO on the same terms and conditions as the proposed terms and conditions of the assignment to the third party.

IGO's preferential rights include the Company's advanced Jacomynspan Nickel-Copper-Cobalt Project, where the Company has announced a JORC compliant Mineral Resource estimate (refer ASX release 8 March 2018 and Operations Report). The collaborative working relationship formed between the Company and IGO will also enhance the Company's planned regional exploration programs within the highly prospective yet very much under explored Areachap Belt.

Due to the lack of favourable environments world-wide which have the potential to host major new Nickel-Copper-Cobalt and VMS discoveries, the Company's large ground holdings in the Northern Cape of South Africa provides both the Company and IGO significant exposure to exploration success.

Based on regional exploration programs already completed, the Company has identified the potential for discovery of nickel hosting massive sulphide bodies similar to IGO's Nova Bollinger Mine in the Fraser Range, Western Australia in the Areachap Belt (refer ASX releases 14 July 2016 and 8 March 2018). The Company intends to commit a minimum amount equivalent to 30% of the $5M IGO Placement (being $1.5M) towards its Nickel-Copper-Cobalt exploration targets.

The IGO Placement and IGO's preferential rights further strengthen the existing relationship between the Company and IGO, following the Company's ASX announcement on 10 March 2017, that the Company and IGO had entered into a joint venture agreement on the Fraser Range Nickel-Copper Project, Western Australia and that IGO had subscribed for a $1.3M Share placement in the Company.

JACOMYNSPAN NICKEL-COPPER-PGE PROJECT (SOUTH AFRICA) - (EARN-IN RIGHT)

In September 2017, the Company entered into a binding earn-in agreement to acquire the earn-in rights over the Jacomynspan Project from two companies, Namaqua Nickel Mining (Pty) Ltd and Disawell (Pty) Ltd (**Namaqua Disawell Companies**), which hold partly overlapping prospecting rights and mining right applications. The earn-in agreement is principally on the same terms as the binding term sheet entered into in July 2016.

Orion's earn-in right will be via a South African-registered special-purpose vehicle, Area Metals Holdings No 3 (Pty) Ltd (**AMH3**), which was 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:

- AMH3 has the exclusive opportunity to earn up to an 80% interest (Orion 59.2%) in the Namaqua Disawell Companies. The Namaqua Disawell Companies are privately owned South African companies with 26% or greater HDSA ownership;
- All the conditions to the commencement of earn-in rights were fulfilled in February 2018 (**Earn-In Commencement**);
- In February 2018, AMH3 earned its initial interest of 25% (Orion 18.5%) in the Namaqua Disawell Companies after having spent $0.66M on the Jacomynspan Project and in March 2018, AMH3 was issued with fully paid ordinary shares in the Namaqua Disawell Companies which resulted in AMH3 being the holder of 25% (Orion 18.5%) of the total shares on issue (**First Earn-In Right**);
- Once AMH3 earned the initial 25% interest:
  - The Namaqua Disawell Companies will record a shareholder loan account in favour of AMH3 to the value of the First Earn-In Right expenditure incurred by Orion and shall continue to record further expenditure by AMH3 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% (Orion 18.5%) 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, AMH3 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) (**Second Earn In Right**).
- Once AMH3 has earned a 50% interest:
  - The Namaqua Disawell Companies will issue Orion with shares which shall result in AMH3 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, AMH3 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);
  - 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, Orion was appointed as the operator and manager of the joint ventures and has the right to appoint a minimum of one director to the boards of the Namaqua Disawell Companies.
- The Namaqua Disawell Companies shareholders on the date of execution of the term sheet (**Signature Date**) are entitled to a 2% royalty in proportion to their beneficial interest in the Namaqua Disawell 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, Orion shall have the right at its sole discretion to buy out the Royalty for an aggregate value of $2.65M.
- As noted above, all expenditure by Orion shall be advanced to the Namaqua Disawell Companies as an Orion Loan. In addition to the Orion Loan, the Namaqua Disawell Companies have existing shareholder loans of ZAR78.5M (~$7.85M) 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 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.

MASIQHAME (SOUTH AFRICA) - (EARN-IN RIGHT)

On 13 March 2018 (**Masiqhame Signature Date**), the Company entered into a binding earn-in agreement principally on the same terms as the term sheet it executed in April 2016, when 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 a large, highly prospective area located approximately 80km north of the Prieska Project. In 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 ZAR1.5M (~$0.15M) by Orion for 50% of Masiqhame shares on issue. In September 2016, the Company announced that it had exercised the option for Orion to acquire an initial 50% 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 has the opportunity to earn up to a 73% interest in Masiqhame through a South African-registered special-purpose vehicle, Area Metals Holdings No 2 (Pty) Ltd (**AMH2**), which was established by the Company as its vehicle for investment in the joint venture.

Key terms of the transaction are set out below:

- Orion will pay Masiqhame ZAR1.5M 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 was not be required to make any cash payment to Masiqhame;
- Masiqhame will issue Orion with Masiqhame Shares which shall result in Orion being the holder of 49% (**First Earn-In Right**) of the total Masiqhame Shares on issue immediately following such issue of Masiqhame Shares. In April 2018, the First Earn-In Right Masiqhame Shares were issued to AMH2;
- Masiqhame will issue Orion with a further 1% of Masiqhame Shares, which shall result in Orion being the holder of 50% of the total Masiqhame Shares (**Second Earn-In Right**) upon the Section 11 consent having been granted by the DMR. Orion has submitted the Section 11 consent application to the DMR and Masiqhame is required to issue the Second Earn-In Right Masiqhame Shares to AMH2 within 30 days following the grant of the Section 11 consent by the DMR;
- Under the terms of the agreement, Orion was appointed operator of the prospecting rights and has the right to appoint the majority of directors to the board of Masiqhame.
- Once Orion has earned the initial 50% interest in Masiqhame through the issue of Masiqhame Shares to AMH2, 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 ZAR equivalent of $0.1M 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;
- 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 AMH2 which shall result in Orion being the holder of 73% of the total Masiqhame Shares on issue immediately following such issue.

SALE OF CONNORS ARC PROJECT (QUEENSLAND)

On 2 May 2018, the Company announced that it had entered into a binding sale agreement with Evolution Mining Limited (**Evolution**), for Evolution to acquire 100% of the Company's Connors Arc Project (**Tenements**) in Queensland. Consideration for the sale of the Tenements consists of $2.5M cash and a 2% royalty on net smelter returns (**NSR**) from the sale of gold recovered and sold by Evolution from the Tenements to a value of $5.0M.

Key terms of the agreement are:

- Stage 1 Payment - an initial $1.5M cash payment, payable upon conditions typical for agreements of this nature being:
  - the Company obtaining indicative approval from the Queensland Government Department of Natural Resources, Mines and Energy (**Department**), for the transfer of the Tenements to Evolution; and
  - the assignment to Evolution of the Tenements' native title agreements.
- Stage 2 Payment - a further $0.5M cash payment, payable to the Company upon approval by the Department for retention of the total area of three of the Tenements included in the agreement until the renewal of the existing term of those Tenements;
- Stage 3 Payment - a further $0.5M cash payment, payable to the Company upon approval by the Department for renewal of two Tenements included in the agreement and for retention of the total area of those Tenements for a period 12 months from the date of such renewal; and
- a 2% royalty on NSR from the sale of gold recovered and sold by Evolution from the Tenements to a value of $5.0M.

The Company received payment for Stages 1 and 2, totalling $2.0M cash in July 2018.

The sale of the non-core Tenements is consistent with the Company's decision to place greater focus on its flagship project, the Prieska Project and its highly prospective regional exploration projects within the Areachap Belt.

CHANGE OF STATUS, NAME AND REPLACEMENT CONSTITUTION

At the general meeting held on 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. Australian Securities and Investment Commission (**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, being ORN, 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.

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 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 to 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. The Sale Facility closed on 19 January 2018.

In line with the terms of the Sale Facility, a total of 1.46M 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 on 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)

RESULTS OF OPERATIONS – THE GROUP

The Group recorded a loss of $8.83M (2017: $7.93M) after tax for the year. The result is driven primarily by exploration expenditure incurred of $2.37M which, under the Group's deferred exploration, evaluation and development policy, did not qualify to be capitalised and was expensed and finance expenses of $2.00M, principally related to bridge loan fees and interest of $0.9M and convertible note interest of $0.8M.

Net cash used in operating activities and investing activities totalled $22.01M (2017: $10.67M) and included payments for exploration and evaluation of $17.65M (2017: $5.12M). The Group continues to focus strongly on exploration within its Areachap Projects (South Africa). Net cash from financing activities totalled $23.49M (2017: $13.42M).

Cash on hand at the end of the year was $4.8M (2017: $3.4M).

The basic loss per share for the Group for the year was 0.76 cents and diluted loss per share for the Group for the year was 0.76 cents (2017: loss per share 1.28 cents and diluted loss per share 1.28 cents). No dividend has been paid during or is recommended for the financial year ended 30 June 2018.

BUSINESS STRATEGIES

The Company will continue to focus on exploration, evaluation and development of base metal, gold and platinum-group element projects in South Africa (Areachap Belt, Northern Cape).

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 and evaluation 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, evaluation and development 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.
- Title risk and Native Title - 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;
- 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.

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:

- On 21 September 2018, the Company announced an issue of 15.3M unlisted options to employees under the Company's Option and Performance Rights Plan.
- A general meeting of shareholders was held on 3 August 2018 and approved the following:
  - *IGO Share issue* - The issue of 100.0M Shares, at an issue price of 5.0 cents each, to IGO on 21 May 2018. The Company announced on 18 May 2018 that it had entered into a placement agreement with IGO pursuant to which IGO agreed to subscribe for a placement of Shares in the Company at 5.0 cents per Share to raise $5M. Further details of the placement agreement (including preferential rights granted to IGO in respect of any potential joint venture or sale of the Company's nickel projects in the Areachap Belt, South Africa), are included in the Company's ASX announcement dated 18 May 2018.
  - *General placement 1 and 2 Shares* - The issue of 297.3M Shares at an issue price of 3.7 cents per Share as follows:
    - Tranche 1: On 29 June 2018, the Company completed the first stage of a capital raising by issuing 91.6M Shares at 3.7 cents per Share to raise $3.39M to sophisticated and professional investors.
    - Tranche 2: The second stage of a capital raising involved a further placement of 212.45M Shares at an issue price of 3.7 cents per Share, to professional and sophisticated investors to raise approximately $7.86M. These Shares were issued on 15 August 2018.
    - Issue to Mr Denis Waddell (or his nominee): The third stage of a capital raising involved a further placement of 6.76M Shares to Mr Denis Waddell (or his nominee) at an issue price of 3.7 cents per Share, to raise a total of $0.25M. These Shares were issued on 23 August 2018.
    - Issue to Tembo Capital: A further placement of 102.70M Shares to Tembo Capital, at a deemed issue price of 3.7 cents per Share. The Shares issued to Tembo Capital were issued in consideration for reducing the amount re-payable to Tembo Capital under the Loan Facility between the Company and Tembo, pursuant to which Tembo Capital has advanced $6M in funds to Orion (refer Note 12). These Shares were issued on 23 August 2018.
  - *Tembo Bridge Loan Conversion Shares* – The issue of 70.22M Shares to Tembo Capital (or its nominee) at a deemed issue price of 3.7 cents per Share in consideration for a further reduction in amounts re-payable under the Loan Facility.

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	34	34	2	2
Mr Errol Smart	34	34	2	2
Mr Alexander Haller	34	34	2	2
Mr Mark Palmer	10	10	---	---
Mr Michael Hulmes	6	6	---	---
Mr William Oliver	28	28	---	---

DIRECTORS' REPORT
(CONTINUED)

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	109,714,746	12,000,000
Mr Errol Smart	19,542,666	30,000,000
Mr Alexander Haller	69,119,937	---
Mr Mark Palmer	---	---
Mr Michael Hulmes	200,000	---
Mr William Oliver	---	6,000,000

(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.

SHARE OPTIONS

OPTIONS GRANTED TO DIRECTORS AND EXECUTIVES OF THE COMPANY

During or since the end of the financial year, the Company has not granted any options for no consideration over unissued ordinary shares in the Company to key management personnel as part of their remuneration.

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
29 March 2019	$0.046	94,321,464
15 August 2019	$0.037	1,520,270
15 August 2019	$0.037	1,520,270
30 November 2019	$0.045	250,000
30 November 2019	$0.06	250,000
30 June 2020	$0.05	2,200,000
30 June 2020	$0.035	1,900,000
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	12,100,000
31 May 2022	$0.045	12,100,000
31 May 2022	$0.06	12,100,000
31 March 2023	$0.05	5,100,000
31 March 2023	$0.06	5,100,000
31 March 2023	$0.07	5,100,000
		208,562,004

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 Ltd for the year ended 30 June 2018. 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 Alexander Haller	Director – Non-Executive	Director
Mr Mark Palmer (from 31 January 2018)	Director – Non-Executive	---
Mr Michael Hulmes (from 17 April 2018)	Director – Non-Executive	---
Mr William Oliver (ceased 18 April 2018)	Director – Non-Executive	Technical Director
Mr Walter Shamu	---	Chief Operating Officer (from 1 April 2018) Executive: Mining & Development (South Africa)
Mr Martin Bouwmeester	---	Chief Financial Officer & Company Secretary
Mr Louw van Schalkwyk	---	Executive: Exploration (South Africa)
Ms Michelle Jenkins	---	Executive: Finance & Administration (South Africa)

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 $124,189 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.

DIRECTORS' REPORT
(CONTINUED)

REMUNERATION REPORT - AUDITED (CONTINUED)

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Net loss attributable to equity holders of the Company	$(8,833)	$(7,930)	$(2,528)	$(3,363)	$(12,866)
Dividends paid	---	---	---	---	---
Actual share price	$0.04	$0.025	$0.016	$0.023	$0.04

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.

No options were granted during the year ended 30 June 2018 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:

Managing Director and CEO
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.

Chief Financial Officer and Company Secretary
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.

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

Executive: Exploration (South Africa)
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.

Executive: Finance & Administration (South Africa)
Unlimited in term but capable of termination on 1 month's notice. The Group retains the right to terminate the contract immediately, by making a payment of 1 month's 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. 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 2017 ANNUAL GENERAL MEETING

The 30 June 2017 Remuneration Report received positive shareholder support at the Company's Annual General Meeting with a positive vote of 96% in favour.

DIRECTORS AND EXECUTIVE OFFICERS' REMUNERATION – 2018

		PRIMARY SALARY, INCENTIVES, SUPERANNUATION AND CONSULTANCY PAYMENTS				SHARE BASED PAYMENTS (XI)	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)	2018	300,000	---	---	---	19,648	319,648	6
	2017	250,000	---	---	---	89,280	339,280	26
Mr W Oliver (ii)	2018	64,800	---	---	---	3,975	68,775	6
	2017	128,000	---	---	---	17,946	145,946	12
Sub-total	2018	364,800	---	---	---	23,623	388,423	6
	2017	378,000	---	---	---	107,226	485,226	22
Non-executive Directors								
Mr D Waddell (iii)	2018	182,400	---	---	---	7,875	190,275	4
	2017	124,650	---	---	---	35,744	160,394	22
Mr A Haller (iv)	2018	---	---	---	---	---	---	---
	2017	---	---	---	---	---	---	---
Mr M Palmer (v)	2018	20,833	---	---	---	---	20,833	---
	2017	---	---	---	---	---	---	---
Mr M Hulmes (vi)	2018	9,386	---	892	---	---	10,278	---
	2017	---	---	---	---	---	---	---
Total directors remuneration	2018	577,419	---	892	---	31,498	609,809	5
	2017	502,650	---	---	---	142,970	645,620	22
Executives								
Mr W Shamu (vii)	2018	270,000	---	---	---	56,967	326,967	17
	2017	114,229	---	---	---	5,002	119,231	4
Mr M Bouwmeester (viii)	2018	240,000	---	---	---	3,878	243,878	2
	2017	193,000	---	---	---	17,644	210,644	8
Mr L van Schalkwyk (ix)	2018	270,000	---	---	---	56,967	326,967	17
	2017	32,111	---	---	---	5,002	37,113	13
Ms M Jenkins (x)	2018	270,000	---	---	---	56,967	326,967	17
	2017	132,668	---	---	---	5,002	137,670	4
Total executives' remuneration	2018	1,050,008	---	---	---	174,779	1,224,779	14
	2017	472,008	---	---	---	32,650	504,658	6
Total directors and executive remuneration	2018	1,627,419	---	892	---	206,277	1,834,588	11
	2017	974,658	---	---	---	175,620	1,150,728	15

(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 17 April 2018, Mr Oliver resigned from the Board of Directors. Mr Oliver's remuneration is disclosed as at resignation date.

REMUNERATION REPORT - AUDITED (CONTINUED)

(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 Palmer has held the position of Non-Executive Director from 1 February 2018.
(vi) Mr Hulmes has held the position of Non-Executive Director from 18 April 2018.
(vii) Mr Shamu has held the position of Chief Operating Officer from 1 April 2018. Prior to 1 April 2018, Mr Shamu held the positions of Exploration: Mining & Development (South Africa) from 1 June 2017 and from 6 February 2017 until 31 May 2017, a consultant to the Group.
(viii) 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.
(ix) 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.
(x) 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.
(xi) 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 72,000,000 unissued ordinary shares under option issued to directors and executives (2017: 99,000,000 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 2018 (I)	GRANT DATE	FAIR VALUE PER OPTION AT GRANT DATE	EXERCISE PRICE PER OPTION (II)	EXPIRY DATE	NUMBER OF OPTIONS VESTED DURING 2018
Directors						
Mr D Waddell	---	26 November 2015	$0.01	$0.050	30 November 2020	4,000,000
Mr E Smart	---	26 November 2015	$0.01	$0.035	30 November 2020	10,000,000
Executives						
Mr W Shamu	---	31 May 2017	$0.01	$0.035	31 May 2022	2,000,000
Mr M Bouwmeester	---	26 November 2015	$0.01	$0.050	30 November 2020	2,000,000
Mr L van Schalkwyk	---	31 May 2017	$0.01	$0.045	31 May 2022	2,000,000
Ms M Jenkins	---	31 May 2017	$0.01	$0.035	31 May 2022	2,000,000
Former						
Mr W Oliver	---	26 November 2015	$0.01	$0.050	30 November 2020	2,000,000

(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.

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.

	OPTIONS GRANTED				
DIRECTORS	**NUMBER**	**DATE**	**% VESTED IN CURRENT YEAR**	**% LAPSED IN CURRENT YEAR (I)**	**DATE GRANT VESTS (II)**
Mr D Waddell	2,000,000 2,000,000 2,000,000 4,000,000 4,000,000 4,000,000	8 July 2013 8 July 2013 8 July 2013 26 November 2015 26 November 2015 26 November 2015	---% ---% ---% ---% ---% 100%	100% 100% 100% ---% ---% ---%	26 November 2013 26 November 2014 26 November 2015 30 November 2015 30 November 2016 30 November 2017
Mr E Smart	5,000,000 5,000,000 5,000,000 10,000,000 10,000,000 10,000,000	8 July 2013 8 July 2013 8 July 2013 26 November 2015 26 November 2015 26 November 2015	---% ---% ---% ---% ---% 100%	100% 100% 100% ---% ---% ---%	26 November 2013 26 November 2014 26 November 2015 30 November 2015 30 November 2016 30 November 2017
Mr A Haller	---	---	---%	---%	---
Mr M Palmer	---	---	---%	---%	---
Mr M Hulmes	---	---	---%	---%	---
Mr W Oliver	1,000,000 1,000,000 1,000,000 2,000,000 2,000,000 2,000,000	3 October 2013 3 October 2013 3 October 2013 26 November 2015 26 November 2015 26 November 2015	---% ---% ---% ---% ---% 100%	100% 100% 100% ---% ---% ---%	30 November 2013 30 November 2014 30 November 2015 30 November 2015 30 November 2016 30 November 2017
Mr W Shamu	2,000,000 2,000,000 2,000,000	31 May 2017 31 May 2017 31 May 2017	100% ---% ---%	---% ---% ---%	31 May 2018 31 May 2019 31 May 2020
Mr M Bouwmeester	1,000,000 1,000,000 1,000,000 2,000,000 2,000,000 2,000,000	8 July 2013 8 July 2013 8 July 2013 26 November 2015 26 November 2015 26 November 2015	---% ---% ---% ---% ---% 100%	100% 100% 100% ---% ---% ---%	30 September 2013 31 March 2014 31 March 2015 30 November 2015 30 November 2016 30 November 2017
Mr L van Schalkwyk	2,000,000 2,000,000 2,000,000	31 May 2017 31 May 2017 31 May 2017	100% ---% ---%	---% ---% ---%	31 May 2018 31 May 2019 31 May 2020
Ms M Jenkins	2,000,000 2,000,000 2,000,000	31 May 2017 31 May 2017 31 May 2017	100% ---% ---%	---% ---% ---%	31 May 2018 31 May 2019 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 $'000	EXERCISED IN YEAR $'000	LAPSED IN YEAR $'000
Mr D Waddell	---	---	(114)
Mr E Smart	---	---	(285)
Mr A Haller	---	---	---
Mr W Oliver	---	---	(185)
Mr M Bouwmeester	---	---	(56)
Mr L van Schalkwyk	---	---	---
Mr W Shamu	---	---	---
Ms M Jenkins	---	---	---

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-17	Granted as remuneration	Purchased or acquired	Expired	Balance at end of period 30-Jun-18	Not vested and not exercisable	Vested and exercisable
Specified directors							
Mr Denis Waddell	18,000,000	---	---	(6,000,000)	12,000,000	---	12,000,000
Mr Errol Smart	45,000,000	---	---	(15,000,000)	30,000,000	---	30,000,000
Mr Alexander Haller	---	---	---	---	---	---	---
Mr Mark Palmer	---	---	---	---	---	---	---
Mr Michael Hulmes	---	---	---	---	---	---	---
Mr William Oliver	9,000,000	---	---	(3,000,000)	6,000,000	---	6,000,000
Specified executives							
Mr Walter Shamu	6,000,000	---	---	---	6,000,000	4,000,000	2,000,000
Mr Martin Bouwmeester	9,000,000	---	---	(3,000,000)	6,000,000	---	6,000,000
Mr Louw van Schalkwyk	6,000,000	---	---	---	6,000,000	4,000,000	2,000,000
Ms Michelle Jenkins	6,000,000	---	---	---	6,000,000	4,000,000	2,000,000
TOTAL	**99,000,000**	**---**	**---**	**(27,000,000)**	**72,000,000**	**12,000,000**	**60,000,000**

	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 Alexander Haller	---	---	---	---	---	---	---
Mr William Oliver	9,000,000	---	---	---	9,000,000	2,000,000	7,000,000
Specified executives							
Mr Walter Shamu	---	6,000,000	---	---	6,000,000	6,000,000	---
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	---
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**

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-17	Purchased or acquired during the year	On options exercised	Disposals of shares	Other transfers of shares	Balance at end of period 30-Jun-18
Specified directors						
Mr Denis Waddell	92,541,324	10,416,666	---	---	---	102,957,990
Mr Errol Smart	19,542,666	---	---	---	---	19,542,666
Mr Alexander Haller (i)	69,119,937	---	---	---	---	69,119,937
Mr William Oliver	6,582,199	---	---	(6,582,199)	---	---
Specified executives						
Mr Walter Shamu (ii)	---	2,083,333	---	---	---	2,083,333
Mr Martin Bouwmeester	2,784,027	2,083,333	---	---	---	4,867,360
Mr Louw van Schalkwyk	---	---	---	---	---	---
Ms Michelle Jenkins (ii)	---	2,916,666	---	---	---	2,916,666
TOTAL	**190,570,153**	**17,499,998**	**---**	**(6,582,199)**	**---**	**201,487,952**

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

(ii) Mr Shamu and Ms Jenkins hold relevant interests as follows: WMP Mining Services Inc 2,083,333 shares (held equally) and Ms Jenkins holds additional interests of 833,333 shares.

REMUNERATION REPORT - AUDITED (CONTINUED)

	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 Alexander Haller (i)	68,008,826	1,111,111	---	---	---	69,119,937
Mr William Oliver	5,471,088	1,111,111	---	---	---	6,582,199
Specified executives						
Mr Walter Shamu	---	---	---	---	---	---
Mr Martin Bouwmeester	1,117,361	1,666,666	---	---	---	2,784,027
Mr Louw van Schalkwyk	---	---	---	---	---	---
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 and Pershing Securities 1,320 shares. Mr Haller personally holds interests of 12,412,039 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 (2017: $nil).

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 Ltd, 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 2018.

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	
	2018 $'000	2017 $'000
Services other than statutory audit:		
Taxation compliance services (RSM Australia Partners)	14	7
	14	**7**

DIRECTORS' REPORT
(CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 101 and forms part of the Directors' Report for the financial year ended 30 June 2018.

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

Perth, Western Australia
Date: 27 September 2018

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Orion Minerals Ltd for the year ended 30 June 2018 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 audit; and

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

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 27 September 2018
Melbourne, Victoria

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	2018 $'000	2017 $'000
CONTINUING OPERATIONS			
Other income	3	1,282	88
Exploration and evaluation costs expensed	9	(2,371)	(3,541)
Employee expenses		(1,422)	---
Provision for doubtful debt expense		(500)	---
Other expenses	3	(3,653)	(2,510)
(Loss) fair value of securities in other entities	6	(378)	(87)
Fair value (loss) on net smelter royalty receivable		---	(62)
Impairment of assets	8	---	(1,617)
Plant and equipment written-off	7	---	(20)
Results from operating activities		(6,614)	(7,749)
Finance income		214	92
Finance expenses		(2,005)	(273)
Net finance expenses		(1,791)	(181)
Loss before income tax		(8,833)	(7,930)
Income tax (expense) / benefit	16	---	---
Loss from continuing operations attributable to equity holders of the Group		(8,833)	(7,930)
Other comprehensive income			
Foreign currency reserve		228	99
Other comprehensive income for the year, net of income tax		---	---
Total comprehensive loss for the year		(8,605)	(7,831)
Loss for the year is attributable to:			
Non-controlling interest	22	(437)	---
Owners of Orion Minerals Ltd		(8,396)	(7,930)
		(8,833)	(7,930)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest	22	(437)	---
Owners of Orion Minerals Ltd		(8,168)	(7,930)
		(8,605)	(7,930)
LOSS PER SHARE (CENTS PER SHARE)			
Basic loss per share	17	(0.76)	(1.28)
Diluted loss per share	17	(0.76)	(1.28)
Headline loss per share	17	(0.76)	(1.02)
Diluted headline loss per share	17	(0.76)	(1.02)

The notes on pages 106 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	NOTES	2018 $'000	2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	4,811	3,406
Other receivables	5	3,344	338
Prepayments		65	79
Securities held in other entities	6	15	455
Total current assets		8,235	4,278
Non-current assets			
Other receivables	5	2,305	2,644
Loan to joint venture partners	9	1,030	---
Plant and equipment	7	147	91
Deferred exploration, evaluation and development	8	29,119	15,075
Total non-current assets		32,601	17,810
TOTAL ASSETS		40,836	22,088
LIABILITIES			
Current liabilities			
Trade and other payables	10	2,363	1,130
Loans	12	6,875	---
Convertible notes	14	6,001	---
Provisions	11	138	48
Total current liabilities		15,377	1,178
Non-current liabilities			
Provisions	11	1,965	1,836
Preference shares	13	2,169	1,955
Convertible notes	14	---	5,824
Loans	12	1,539	---
Total non-current liabilities		5,673	9,615
TOTAL LIABILITIES		21,050	10,793
NET ASSETS		**19,786**	**11,294**
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	15	102,460	85,499
Accumulated losses		(87,367)	(79,883)
Non-controlling interest - subsidiaries	22	2,233	2,670
Other reserves	15	2,460	3,008
TOTAL EQUITY		19,786	11,294

The notes on pages 106 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	2018 $'000	2017 $'000
Cash flows from operating activities			
Payments for exploration and evaluation		(2,372)	(5,120)
Payments to suppliers and employees		(3,051)	(1,439)
Interest received		212	12
Interest expense		(627)	---
Convertible note – interest expense		(732)	(30)
Other receipts		3	34
Net cash used in operating activities	4	(6,567)	(6,543)
Cash flows from investing activities			
Purchase of plant and equipment		(101)	(77)
Proceeds from sale of plant and equipment		---	---
Payments for exploration and evaluation		(15,275)	---
Guarantees on deposit		(134)	---
Purchase of exploration and evaluation assets		---	(5,343)
R&D tax offset received in relation to exploration assets		---	387
Proceeds from sale of available for sale financial assets		---	205
Proceeds from sale of tenements		---	700
Net cash used in investing activities		(15,510)	(4,128)
Cash flows from financing activities			
Proceeds from issue of shares		17,331	7,454
Share issue expenses		(371)	(80)
Borrowings provided to joint venture operations	9	(1,030)	---
Proceeds from borrowings	12	9,001	6,500
Repayment of borrowings	12	(1,440)	(450)
Net cash from financing activities		23,491	13,424
Net increase in cash and cash equivalents		1,414	2,753
Cash and cash equivalents at beginning of year		3,412	652
Effects of exchange rate on cash at end of financial year		(15)	---
CASH ON HAND AND AT BANK AT END OF YEAR	**4**	**4,811**	**3,405**

The notes on pages 106 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

30 June 2018	ISSUED CAPITAL ($'000)	ACCUMULATED LOSSES ($'000)	OTHER RESERVES	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 1 July 2017	85,499	(79,883)	3,008	2,670	11,294
Loss for the year	---	(8,833)	---	---	(8,833)
Other comprehensive loss	---	---	---	---	---
Total comprehensive loss for the year	---	(8,833)	---	---	(8,833)
Transactions with Owners in their capacity as owners:					
Contributions of equity, net of costs	16,961	---	---	---	16,961
Non-controlling interest	---	524	---	(437)	87
Convertible notes	---	---	(177)	---	(177)
Foreign translation reserve	---	---	28	---	28
Transfer of share options expired	---	825	(825)	---	---
Share-based payments expense	---	---	426	---	426
Total Transactions with Owners	16,961	1,349	(548)	(437)	17,436
BALANCE AT 30 JUNE 2018	**102,460**	**(87,367)**	**2,460**	**2,233**	**19,786**

30 June 2017 - Restated	ISSUED CAPITAL ($'000)	ACCUMULATED LOSSES ($'000)	OTHER RESERVES	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 1 July 2016	75,966	(72,066)	1,386	---	5,286
Loss for the year	---	(7,930)	---	---	(7,930)
Other comprehensive loss	---	---	---	---	---
Total comprehensive loss for the year	---	(7,930)	---	---	(7,930)
Transactions with Owners in their capacity as owners:					
Contributions of equity, net of costs	9,533	---	---	---	9,533
Non-controlling interest	---	---	---	2,670	2,670
Convertible notes	---	---	407	---	407
Foreign translation reserve	---	---	99	---	99
Transfer of share options expired	---	112	(112)	---	---
Share-based payments expense	---	---	1,228	---	1,228
Total Transactions with Owners	9,533	112	1,622	2,670	13,967
BALANCE AT 30 JUNE 2017	**85,499**	**(79,883)**	**3,008**	**2,670**	**11,294**

The notes on pages 106 to 143 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1. CORPORATE INFORMATION

Orion Minerals Limited (**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 2018 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, evaluation and development.

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 26 September 2018.

(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 financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group recorded a net loss of $8.83M for the year ended 30 June 2018 and the Group's position as at 30 June 2018 was as follows:

- The Group had cash reserves of $4.81M and had negative operating cash flows of $6.69M for the year ended 30 June 2018;
- The Group had negative working capital at 30 June 2018 of $7.14M; and
- The Group's main activity is exploration, evaluation and development of base metal, gold and platinum-group element projects in South Africa (Areachap Belt, Northern Cape) 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.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts state in the financial report.

Current forecasts indicate that cash on hand as at 30 June 2018 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 believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- They 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 $17.33M (before costs) during the year ended 30 June 2018 and in August 2018, a further $8.11M to support the Company's exploration and plans. In addition, in August 2018, Tembo Capital subscribed for $6.40M in Shares, following Orion's agreement with Tembo Capital, that Tembo Capital's Share subscription be issued in consideration for reducing the amount re-payable to Tembo Capital under the bridge loan facility (refer Note 12).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- In March 2017, the Company issued 232.7M convertible notes, each with a face value of 2.6 cents. The convertible notes mature in March 2019. The Directors expect that the holders of the convertible notes will convert the convertible notes to Shares in the Company at an issue price of 2.6 cents per Share. Should the convertible notes be converted to Shares, the Group's current liabilities will reduce by $6.05M. However, the Directors recognise that at maturity, some or all of the holders of the convertible notes may elect to redeem the convertible notes for cash (refer note 14).
- Based on results to date from exploration programs, the progress of the BFS underway at the Prieska Project and the Company's ability to successfully raise capital in the past, the Directors are confident of obtaining the continued support of the Company's shareholders and a number of brokers that have supported the Company's previous capital raisings.

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 2018 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 14 (Convertible Notes) and Note 12 (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.

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 no operating revenues currently being generated by the Group.

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 2018.

- 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.

(C) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Orion Minerals Limited (**Parent Company**) from time to time during the year and at 30 June 2018 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 (**ZAR**).

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.

(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) 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.

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.

(G) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(H) 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.

(I) 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.

(J) 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.

(K) BORROWINGS AND FINANCE COSTS

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.

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(L) 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.

(M) 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 15.

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.

(ii) Employee benefits

Annual leave liabilities are measured at the amounts expected to be paid when the liabilities are settled. Long service leave liabilities are measured at the present value of the estimated future cash outflows for the services provided by employees up to the reporting date.

Liabilities not expected to be settled within twelve months are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match, as closely as possible to the related liability.

(N) 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.

(O) INCOME TAX

(i) 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 Ltd.

(P) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Q) 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.

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:

- sufficient data exists to determine technical feasibility and commercial viability: and
- 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;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;

- 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
- 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.

(R) 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.

(S) 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.

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
  Exploration and evaluation costs have been capitalised on the basis that mineral resource drilling is ongoing and that the Group may commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest.
- Note 11 – Provisions
  A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates.
- Note 15 - Measurement of share based payments
  The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(T) 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 which have been issued for no consideration in relation to the 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.

(U) 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 plant and equipment, and intangible assets other than goodwill.

(V) 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.

(W) 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.

(X) 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.

(Y) ROUNDING OF AMOUNTS

The Company is of a kind referred to in the Corporations Instrument 2016/191, issued by the Australian Securities and Investment Commission, relation to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars or in certain cases, to the nearest dollar.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

3. REVENUES AND EXPENSES

	2018 $'000	2017 $'000
Other income		
Sundry revenue	6	88
Profit on sale of plant, equipment and tenement data	1,276	---
Total other income	1,282	88

Finance expenses		
Interest and finance charges paid/payable	2,005	273
Total finance expenses	2,005	273

Other expenses		
Directors fees and employment expenses	195	125
Contractor, consultants and advisory expenses	2,192	474
Employee expenses	---	765
Share based payment expense	426	195
Travel and accommodation	475	182
Depreciation	45	22
Net foreign exchange loss	283	99
Other corporate and administrative expenses	37	648
Total other expenses	3,653	2,510

4. CASH AND CASH EQUIVALENTS

	2018 $'000	2017 $'000
Cash and cash equivalents (a)	4,782	3,331
Short term deposits (b)	29	75
	4,811	3,406

(a) Cash and cash equivalents earn interest at floating rates based on daily bank rates.
(b) Short term deposits are made for varying periods, between one day and one month.

	2018 $'000	2017 $'000
Reconciliation from the net loss after tax to the net cash flows used in operations		
Net loss	(8,833)	(7,930)
Adjustments for:		
Depreciation	45	22
Movement in securities in other entities	440	312
Share based payments expense	426	195
Trade payables paid via shares	---	219
Interest on preference shares	---	369
Deferred exploration, evaluation and development impairment	---	1,617
Gain on disposal of plant and equipment	(1,276)	20
Gain on foreign exchange	283	---
Changes in assets and liabilities:		
Decrease in trade and other payables	1,122	---
(Increase) other current assets	(7,798)	(2,141)
(Increase) in prepayments	---	(52)
Increase in other non-current liabilities	8,805	858
(Decrease)/increase in provisions	219	(32)
Net cash used in operating activities	(6,567)	(6,543)

The settlement of outstanding directors' and creditors' fees through the issue of shares to the value of $nil (2017: $0.2M), 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 2018

5. TRADE AND OTHER RECEIVABLES

	2018 $'000	2017 $'000
Current receivables:		
Sundry revenue	6	88
Security deposits and environmental bonds (a)	215	180
Other receivables	626	157
Sale of Connors Arc Project – Queensland	2,500	---
Net smelter royalty receivable from Centennial Mining Limited	---	---
Interest receivable	3	1
	3,344	338

	2018 $'000	2017 $'000
Non-current receivables:		
Net smelter royalty receivable from Centennial Mining Limited	---	438
Security deposits and environmental bonds (a)	2,305	2,206
	2,305	2,644

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 ending 30 June 2017, 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 11).

6. SECURITIES IN OTHER ENTITIES

	2018 $'000	2017 $'000
Opening balance – 1 July	455	548
Revaluation movement Unlisted securities in other entities at fair value (a)	(455)	(93)
Listed securities in other entities at fair value	15	---
Closing balance – 30 June	15	455

Securities held in other entities as 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. Securities held in other entities as an investment of shares are those listed on the ASX. Valuation as at period end is calculated using closing share price at that time.

(a) As at 30 June 2018, there was an indication that the Company's carrying amount of unlisted securities held in other entities may not be fully recoverable. As the carrying amount exceeded the recoverable amount, the asset was impaired and written down to its recoverable amount.

7. PLANT AND EQUIPMENT

	2018 $'000	2017 $'000
Opening cost - 1 July	1,069	1,011
Accumulated depreciation	(978)	(955)
Opening written down value	91	56
Additions	101	77
Disposals or write offs	---	(20)
Depreciation expense for the year	(45)	(22)
Written down value at 30 June	147	91

8. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT

	2018 $'000	2017 $'000
Acquired mineral rights		
Opening cost	14,161	2,229
Exploration and evaluation acquired - restated (a)	---	11,932
Exploration, evaluation and development	14,161	14,161
Deferred exploration and evaluation expenditure		
Opening cost	915	1,002
Expenditure incurred	17,638	5,070
R&D tax offset received in relation to exploration assets	---	(343)
Exploration expensed	(2,371)	(3,198)
Impairment	---	(1,617)
Asset derecognised – sale of tenements (b)	(1,224)	---
Deferred exploration and evaluation expenditure	14,958	914
NET CARRYING AMOUNT AT 30 JUNE	**29,119**	**15,075**

(a) 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 $6.53M, of which $3.32M was paid in cash and $2.18M was paid by the issue of 94.32M Orion Shares. Each Share has an attached unlisted Orion option, exercisable at $0.0462 and expiring 29 March 2019 ($1.03M) In addition, the Company provided finance for Agama to enable it to settle all historical shareholder loans to an aggregate amount of approximately $3.33M. At initial recognition, the Company measured the Agama acquisition at its fair value, being $9.23M and non-controlling interest at $2.70M for a total investment of $11.93M.

(b) On 2 May 2018, the Company signed a binding sale agreement with Evolution Mining Limited for 100% interest in Connors Arc Project tenements. Under the terms of the sale agreement, completion was achieved as at 30 June 2018 and as a result, the project was derecognised at its carrying value of $1.224M.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

9. LOAN - JOINT VENTURE PARTNERS

In September 2017, the Company entered into a binding earn-in agreement to acquire the earn-in rights over the Jacomynspan Nickel-Copper-PGE Project (South Africa) (**Jacomynspan Project**) from two companies, Namaqua Nickel Mining (Pty) Ltd and Disawell (Pty) Ltd (**Namaqua Disawell Companies**), which hold partly overlapping prospecting rights and mining right applications. The earn-in agreement is principally on the same terms as the binding term sheet entered into in July 2016.

Orion's earn-in right will be via a South African-registered special-purpose vehicle and subsidiary of the Company, Area Metals Holdings No 3 (Pty) Ltd (**AMH3**), which was 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:

- AMH3 has the exclusive opportunity to earn up to an 80% interest (Orion 59.2%) in the Namaqua Disawell Companies. The Namaqua Disawell Companies are privately owned South African companies with 26% or greater HDSA ownership;
- All the conditions to the commencement of earn-in rights were fulfilled in February 2018 (**Earn-In Commencement**);
- In February 2018, AMH3 earned its initial interest of 25% (Orion 18.5%) in the Namaqua Disawell Companies after having spent $0.66M on the Jacomynspan Project and in March 2018, Namaqua Disawell Companies issued AMH3 with fully paid ordinary shares in the Namaqua Disawell Companies which resulted in AMH3 being the holder of 25% (Orion 18.5%) of the total shares on issue (**First Earn-In Right**);
- Once AMH3 earned the initial 25% interest:
    - The Namaqua Disawell Companies will record a shareholder loan account in favour of AMH3 to the value of the First Earn-In Right expenditure incurred by Orion and shall continue to record further expenditure by AMH3 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% (Orion 18.5%) 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, AMH3 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) (**Second Earn In Right**).
- Once AMH3 has earned a 50% interest:
    - The Namaqua Disawell Companies will issue Orion with shares which shall result in AMH3 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, AMH3 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);
    - 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, Orion was appointed as the operator and manager of the joint ventures and has the right to appoint a minimum of one director to the boards of the Namaqua Disawell Companies.
- The Namaqua Disawell Companies shareholders on the date of execution of the term sheet (**Signature Date**) are entitled to a 2% royalty in proportion to their beneficial interest in the Namaqua Disawell 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, Orion shall have the right at its sole discretion to buy out the Royalty for an aggregate value of $2.65M.
- As noted above, all expenditure by Orion shall be advanced to the Namaqua Disawell Companies as an Orion Loan. In addition to the Orion Loan, the Namaqua Disawell Companies have existing shareholder loans of ZAR78.5M (~$7.85M) 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 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.

As at 30 June 2018, the Orion Loan totalled $1.03M.

10. SECURITIES IN OTHER ENTITIES

	2018 $'000	2017 $'000
Current		
Trade payables	1,499	726
Other payables	864	404
	2,363	1,130

11. PROVISIONS

	2018 $'000	2017 $'000
Current		
Trade payables	1,499	726
Employee benefits - annual leave	138	48
Rehabilitation	---	---
	138	48
Non-current		
Rehabilitation (a)	1,963	1,832
Employee benefits - long service leave	2	4
	1,965	1,836
TOTAL	**2,103**	**1,884**

(a) 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.

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12. LOANS WITH OTHER ENTITIES AND RELATED PARTIES

	2018 $'000	2017 $'000
Current		
Bridge loan (a)	6,875	---
	6,875	---
Non-current		
AASMF loan (b)	1,539	---
	1,539	---
TOTAL	**8,414**	**---**

(a) Bridge Loan

The Company announced to the ASX on 18 August 2017 that a $6.0M bridge loan facility agreement (**Loan Facility**) 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 $6.0M, available in two tranches. The first tranche is to be in one instalment of $3.0M and the second tranche is to be in minimum instalments of $1.0M 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'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.

On 15 November 2017, an extension to the term of the Loan Facility from 15 December 2017 to 31 May 2018, was agreed between the parties. The extension to the term of the Loan Facility ensured that proceeds from the recent Capital Raisings and Loan Facility can be used to progress the Company's Prieska Zinc-Copper 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).

On 31 May 2018, an extension to the term of the Loan Facility from 31 May to 30 September 2018 was agreed between the parties. The extension to the term of the Bridge Loan relieved Orion of its requirements to repay the loan by 31 May 2018 ensuring that proceeds from the IGO placement (as outlined in placements above) could be used principally to progress the redevelopment of Orion's flagship Prieska Zinc-Copper project in South Africa and progress its highly prospective regional Nickel-Copper-Cobalt and Zinc-Copper exploration projects within the Areachap Belt.

At the end of the reporting period, the Company had drawn the Bridge Loan in full, $6.0M. Capitalised interest and fees owed totalled $0.88M.

12. LOANS WITH OTHER ENTITIES AND RELATED PARTIES (CONTINUED)

On 25 June 2018, the Company announced that Tembo Capital had subscribed for $6.3M in Shares, at an issue price of 3.7 cents per Share. Orion agreed with Tembo Capital, that Tembo Capital's Share subscription be issued in consideration for reducing the amount re-payable to Tembo Capital under the Loan Facility at a deemed issued price of 3.7 cents per Share. The Shares were issued to Tembo Capital on 23 August 2018, reducing the balance of the Loan Facility (including accrued interest) to $0.58M.

(b) AASMF Loan

On 2 November 2015, Repli Trading No 27 (Pty) Ltd (**Repli**) (a 73.33% owned subsidiary of Agama Exploration & Mining (Pty) Ltd (**Agama**)) and Anglo American Sefa Mining Fund (**AASMF**) entered into a loan agreement for the further exploration and development of the Prieska Project. Under the terms of the loan, AASMF shall advance ZAR14.25M to Repli. The key terms of the agreement are as follows:

- Loan amount ZAR14.25M;
- Interest rate will be the prime lending rate in South Africa;
- The disbursement of the loan will be subject to AASMF notifying Repli that it is satisfied with the results of the updated scoping study;
- Repayment date will be the earlier of 3 years from the date of the advance or on the date which Repli raises any additional finance for the further development of the 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 (~$1.539M (ZAR14.25M) principal and accrued interest as at 30 June 2018).

13. PREFERENCE SHARES

	2018 $'000	2017 $'000
AASMF preference shares - principal	1,550	1,586
AASMF preference shares - provision for dividends and settlement premium	619	369
TOTAL	**2,169**	**1,955**

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, applied for a funding facility from the AASMF for the further exploration and development of the Prieska Project. On 14 November 2014, AASMF approved the funding facility for an amount of ZAR30.0M, subject to certain terms and conditions. The funding is provided in two tranches, the first tranche for ZAR15.75M by way of the issue of Repli preference shares and the second tranche for ZAR14.25M by way of a loan from AASMF (refer Note 12).

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 15.75M Repli redeemable preference shares at a subscription price of ZAR1 per redeemable preference share. The key terms of the agreement are as follows:

- 15.75M cumulative redeemable non-participating preference shares;
- Subscription price ZAR15.75M (~$1.59M);
- 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:
  - ZAR15.75M;
  - 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; and
- 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.

14. CONVERTIBLE NOTES

	2018 $'000	2017 $'000
Convertible notes – liability		
Opening balance	5,824	---
Convertible note liability - movement	177	5,824
CLOSING BALANCE	**6,001**	**5,824**

Refer to Note 15 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 $6.05M. 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 $0.25M;
- 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; and
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

15. ISSUED CAPITAL AND RESERVES

	2018 $'000	2017 $'000
Ordinary fully paid shares	102,460	85,497
Contributing shares	---	2
	102,460	**85,499**

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

	NUMBER OF SHARES	ISSUE PRICE	$'000
Ordinary fully paid shares			
Opening balance at 1 July 2017	917,420,440		85,497
Share issues:			
Placement (17 August 2017)	73,000,000	$0.024	1,752
Placement (3 November 2017)	144,583,329	$0.024	3,470
Placement (18 December 2017)	84,583,333	$0.024	2,030
Placement (19 December 2017)	10,416,666	$0.024	250
Placement (29 December 2017)	60,000,000	$0.024	1,440
Placement (21 May 2018)	100,000,000	$0.050	5,000
Placement (29 June 2018)	91,600,000	$0.037	3,389
Less: Issue costs	---	---	(368)
Closing balance at 30 June 2018	1,481,603,768		102,460

Ordinary fully paid shares			
Opening balance at 1 July 2017	58,775		2
Contributing shares cancelled	(58,775)		(2)
Closing balance at 30 June 2018	---		---

15. ISSUED CAPITAL AND RESERVES (CONTINUED)

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

	NUMBER OF SHARES	ISSUE PRICE	$'000
Ordinary fully paid shares			
Opening balance at 1 July 2016	475,037,870		75,963
Share issues:			
Placement (19 September 2016)	9,100,000	$0.025	228
Placement (14 November 2016)	72,222,221	$0.018	1,300
Placement (23 December 2016)	55,555,553	$0.018	1,000
Placement (30 December 2016)	25,000,000	$0.020	500
Placement (30 December 2016)	5,555,555	$0.018	100
Placement (23 December 2016)	1,461,111	$0.018	26
Placement (8 March 2017)	54,166,666	$0.024	1,300
Issue – Agama acquisition (29 March 2017)	94,321,464	$0.023	2,169
Placement (8 June 2017)	125,000,000	$0.024	3,000
Less: Issue costs	---	---	(90)
Closing balance at 30 June 2017	917,420,440		85,497
Contributing shares			
Opening balance at 1 July 2016	58,775		2
Closing balance at 30 June 2017	58,775		2

OTHER RESERVES

	2018 $'000	2017 $'000
Share based payments	2,103	2,502
Convertible note equity	230	407
Foreign currency	127	99
	2,460	**3,008**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

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

	$'000
Opening balance at 1 July 2016	1,386
Share based payments expense	195
Unlisted share options expired and transferred to accumulated losses (i)	(112)
Agama acquisition	**1,033**
Closing balance at 30 June 2017	2,502
Share based payments expense	426
Unlisted share options expired and transferred to accumulated losses (i)	(825)
Closing balance at 30 June 2018	2,103

(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	1,000,000	30/04/2018	$0.15
Unlisted options	1,000,000	30/04/2018	$0.25
Unlisted options	1,000,000	30/04/2018	$0.35
Unlisted options	9,000,000	31/05/2018	$0.15
Unlisted options	9,000,000	31/05/2018	$0.25
Unlisted options	9,000,000	31/05/2018	$0.35
Total	30,000,000		

16. INCOME TAX

INCOME TAX EXPENSE

	2018 $'000	2017 $'000
(Loss) before tax	(8,833)	(7,930)
	(8,833)	(7,930)
Income tax using the corporation rate of 27.5% (2017: 27.5%)	(2,429)	(2,181)
Movements in income tax expense due to:		
Non deductible expenses	---	1
Non assessable income	---	(12)
Employee share based payments expensed	117	54
	(2,312)	(2,138)
(Under) / over provided in prior years		
Tax effect of tax losses not recognised	2,312	2,138
Income tax expense/(benefit)	---	---

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 $17.07M (2017: $74.32M) which may be available to offset against taxable income in future years, subject to continuing to meet relevant statutory tests.

The Group also has carry forward tax losses in South Africa of approximately ZAR3.85M (~$0.37M) (2017: ~$7.49M) and unredeemed capital expenditure carried forward, which can be offset against future mining income, of ZAR217.15M (~$21.05M) (2017: nil). During the reporting period, the South African entities undertook a review of their taxation requirements, as per applicable statutory legislation, resulting in a reclassification of reporting.

During the financial year, the Group began a review of the Australian entities estimated un-recouped gross Australian income tax losses. Initial results of this review, has identified approximately $15.0M which may be available to the Group to offset against future taxable income. 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 Ltd, reports to the Australian Taxation Office on behalf of all the Australian entities.

17. LOSS PER SHARE

Basic loss 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

	2018 CENTS	2017 CENTS
Loss attributable to ordinary equity holders of the Company	(0.76)	(1.28)
Diluted loss attributable to ordinary equity holders of the Company	(0.76)	(1.28)

b) Reconciliation of loss used in calculating earnings per share

	2018 $'000	2017 $'000
Loss attributable to ordinary shares	(8,833)	(7,930)

c) Weighted average number of shares

	2018 NUMBER	2017 NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	1,167,249,479	619,377,528
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	1,167,249,479	619,377,528

d) Headline loss per share

	2018 $'000	2017 $'000
Loss before income tax	(8,833)	(7,930)
Impairment of non-current assets reversal	---	1,617
Plant and equipment written off	---	20
Adjusted earnings	(8,833)	(6,293)
Weighted average number of shares	1,167,249,479	619,377,528
Earnings / (loss) per share (cents per share)	(0.76)	(1.02)
Diluted earnings / (loss) per share (cents per share)	(0.76)	(1.02)

18. 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.

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 up to $10,000 (2017: $1,000) based on year-end cash balances, and $nil (2017: $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. Other receivables represent GST refundable from the Australian Taxation Office, VAT refundable from South African Revenue Office and security bonds and deposits. Trade and other receivables are neither past due nor impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 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 significant exposure to foreign currency risk, particularly between AUD/ZAR, at the end of the reporting period. Foreign exposure risk arises from future commercial transactions and recognised financial assets and financial liabilities which are denominated in a currency other than the Group's functional currency.

Commodity price risk

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

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:

18. FINANCIAL INSTRUMENTS (CONTINUED)

Consolidated - 30 June 2018	Weighted average interest rate	Floating interest rate $'000	Fixed interest rate maturing in 1 Year or less $'000	Fixed interest rate maturing 2 to 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets:						
Cash on hand and at bank	0.10%	4,811	---	---	---	4,811
Other receivables	2.40%	---	3,023	---	2,626	5,649
Total		4,811	3,023	---	2,626	10,460
Financial liabilities:						
Convertible note liability	12.00%	---	6,001	---	---	6,001
Loans	12.00%	---	6,875	1,539	---	8,414
Preference shares	13.50%	---	---	2,169	---	2,169
Trade and other payables	2.15%	---	---	---	2,363	2,363
Total		---	12,876	3,708	2,363	18,947

Consolidated - 30 June 2017	Weighted average interest rate	Floating interest rate $'000	Fixed interest rate maturing in 1 Year or less $'000	Fixed interest rate maturing 2 to 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets:						
Cash on hand and at bank	0.92%	3,386	---	---	19	3,405
Other receivables	2.15%	---	2,386	438	158	2,982
Total		3,386	2,386	438	177	6,387
Financial liabilities:						
Convertible note liability	12.00%	---	---	5,824	---	5,824
Trade and other payables	2.15%	---	---	---	1,130	1,130
Total		---	---	5,824	1,130	6,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

19. COMMITMENTS AND CONTINGENCIES

TENEMENT COMMITMENTS – SOUTH AFRICA AND AUSTRALIA

The Group has a portfolio of tenements located in South Africa 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:

	2018 $'000	2017 $'000
Within one year	26	1,306
After one year but not more than five years	---	6,769
More than five years	---	---
	26	8,075

GUARANTEES

The Company has the following contingent liabilities at 30 June 2018:

- The Group has bank guarantees in favour of the South African Government for rehabilitation obligations. The total of these guarantees at 30 June 2018 was $2.30M (2017: $1.99M).
- The Group also has negotiated bank guarantees in favour of the Victorian Government for rehabilitation obligations of mining and exploration tenements. The total of these guarantees at 30 June 2018 was $0.25M (2017: $0.25M). 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 2018) 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:

	2018 $'000	2017 $'000
Within one year	53	53
After one year but not more than five years	36	72
More than five years	---	---
	89	125

GUARANTEES

The Company has the following bonds at 30 June 2018:

- The Group has negotiated guarantees in favour of rental agreements. The total of these guarantees at 30 June 2018 was $3,117 (2017: $3,117).

20. RESTATEMENT OF PRIOR PERIOD BALANCES

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 $6.53M, of which $3.32M was paid in cash and $2.18M was paid by the issue of 94.32M Orion Shares. Each Share has an attached unlisted Orion option, exercisable at $0.0462 and expiring 29 March 2019 ($1.03M). In addition, the Company provided finance for Agama to enable it to settle all historical shareholder loans to an aggregate amount of approximately $3.33M. At initial recognition, the Company measured the Agama acquisition (73.33%) at its fair value, being $9.23M.

Following year end, consideration was given to AASB 10 regarding recognition of minority interest in a subsidiary entity upon acquisition. The acquisition of between 73.33% to 100% interest in the subsidiaries of Agama by Orion resulted in Orion's black economic empowerment partners retaining up to 26.67% of certain subsidiaries of Agama (Refer to Note 21 for subsidiary list). It is this minority interest that is required to be recognised and has resulted in a restatement of the Group's Consolidated Statement of Financial Position as at 30 June 2017, including movement in the period from the date of acquisition of Agama (29 March 2017) to the end of the reporting period.

In accordance with AASB 101 Presentation of Financial Statements, the Consolidated Statement of Financial Position balances have been corrected as follows:

- Non-controlling Interest reserve – increased by $2.70M to recognise the non-controlling interest; and
- Deferred exploration, evaluation and development – increased by $2.70M to record the non-controlling interest share of the additional investment valuation of the asset acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

21. CONTROLLED ENTITIES

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

		PARENT OWNERSHIP INTEREST		NON-CONTROLLING INTEREST	
ENTITY	COUNTRY OF INCORPORATION	2018 %	2017 %	2018 %	2017 %
Parent Entity					
Orion Minerals Ltd	Australia				
Subsidiaries					
Goldstar Resources (WA) Pty Ltd	Australia	100	100	---	---
Kamax Resources Limited	Australia	100	100	---	---
Areachap Holdings No1 Pty Ltd	Australia	100	100	---	---
Areachap Holdings No 2 Pty Ltd	Australia	100	100	---	---
Areachap Holdings No 3 Pty Ltd	Australia	100	100	---	---
RSA Services Ltd	Australia	100	100	---	---
Areachap Holdings No1 (Mauritius) Ltd	Mauritius	100	100	---	---
Areachap Holdings No 2 (Mauritius) Ltd	Mauritius	100	100	---	---
Areachap Holdings No 3 (Mauritius) Ltd	Mauritius	100	100	---	---
Orion Group Services International Ltd	Seychelles	100	100	---	---
Agama Exploration & Mining (Pty) Ltd	South Africa	100	100	---	---
Area Metals Holdings No 1 (Pty) Ltd	South Africa	100	100	---	---
Area Metals Holdings No 2 (Pty) Ltd	South Africa	100	100	---	---
Area Metals Holdings No 3 (Pty) Ltd	South Africa	100	100	---	---
Area Metals Holdings No 4 (Pty) Ltd	South Africa	100	100	---	---
Area Metals Holdings No 5 (Pty) Ltd	South Africa	100	100	---	---
Orion Exploration No 1 (Pty) Ltd	South Africa	100	---	---	---
Orion Exploration No 4 (Pty) Ltd	South Africa	100	---	---	---
Orion Exploration No 5 (Pty) Ltd	South Africa	100	---	---	---
Orion Services South Africa (Pty) Ltd	South Africa	100	100	---	---
Nabustax (Pty) Ltd	South Africa	100	100	---	---
Itakane Trading 217 (Pty) Ltd	South Africa	100	100	---	---
Repli Trading No 27 (Pty) Ltd	South Africa	73.33	73.33	26.67	26.67
Rich Rewards Trading 437 (Pty) Ltd	South Africa	73.33	73.33	26.67	26.67
Vardocube (Pty) Ltd	South Africa	70.00	70.00	30.00	30.00
Bartotrax (Pty) Ltd	South Africa	73.33	73.33	26.67	26.67
Prieska Copper Mines Ltd	South Africa	97.46	97.46	2.54	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.

21. CONTROLLED ENTITIES (CONTINUED)

Summarised financial information of the subsidiary, Agama Exploration & Mining (Pty) Ltd, that is material to the consolidated entity is set out below:

	AGAMA EXPLORATION & MINING (PTY) LTD	
	2018 $'000	2017 $'000
Summarised state of financial position		
Current assets	1,117	480
Non-current assets	32,349	16,749
Total assets	33,466	17,320
Current liabilities	1,489	362
Non-current liabilities	31,252	14,314
Total liabilities	32,741	14,676
TOTAL NET ASSETS	**725**	**2,553**
Summarised statement of profit or loss and other comprehensive income		
Revenue	---	18
Expenses	(1,938)	(153)
Loss before income tax expense	(1,938)	(135)
Income tax expense	---	---
Loss after income tax expense	(1,938)	(135)
Other comprehensive income	---	---
Total comprehensive income	(1,938)	(135)

22. NON-CONTROLLING INTEREST

	2018 $'000	2017 $'000
Opening balance – 1 July	2,670	---
Movement		
Issued capital	---	---
Reserves	---	---
Retained (losses)	(437)	2,670
Closing balance – 30 June	2,233	2,670

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

Repli Trading No 27 (Pty) Ltd 26.67% (2017: 26.67%), Rich Rewards Trading 437 (Pty) Ltd 26.67% (2017: 26.67%), Vardocube (Pty) Ltd 30% (2017: 30%), Bartotrax (Pty) Ltd 26.67% (2017: 26.67%) and Prieska Copper Mines Ltd 2.54% (2017: 2.54%).

23. 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	
	2018 $'000	2017 $'000
Short-term employee benefits	1,628	975
Share-based payments	206	176
	1,834	1,151

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 21 December 2017, the Company issued 10,416,666 Shares at $0.024 per Share to the Company's Chairman, Mr Denis Waddell (or nominee) to raise $0.25M. The issue of these Shares was approved by the Company's shareholders at the Company's General Meeting held on 13 December 2017.

24. AUDITOR REMUNERATION

	2018 $'000	2017 $'000
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	81	47
Tax compliance - Australia	14	7
Total amounts for RSM auditors	95	54
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	60	54
Tax compliance	---	---
Total amounts for BDO South Africa auditors	60	54
Total amounts for auditors	**155**	**108**

25. 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 2018 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 2018	Australia $'000	South Africa $'000	Total $'000
Segment net operating loss after tax	(5,115)	(3,718)	(8,833)
Other revenue – unallocated	---	---	---
Depreciation	(26)	(19)	(45)
Exploration expenditure written off and expensed	(267)	(2,104)	(2,371)
SEGMENT NON-CURRENT ASSETS	**5,594**	**27,007**	**32,601**

30 June 2017	Australia $'000	South Africa $'000	Total $'000
Segment net operating loss after tax	(5,683)	(2,247)	(7,930)
Other revenue – unallocated	---	---	---
Depreciation	(22)	---	(22)
Exploration expenditure written off and expensed	(434)	(3,147)	(3,581)
SEGMENT NON-CURRENT ASSETS – RESTATED	**5,632**	**12,159**	**17,791**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

26. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2018 the parent company of the Group was Orion Minerals Ltd.

	COMPANY	
	2018 $'000	2017 $'000
Result of parent entity		
Loss for the period	(5,113)	(5,683)
Other comprehensive income	---	---
Total comprehensive loss for the period	(5,113)	(5,683)
Financial position of parent entity at year end		
Current assets	4,276	3,043
Total assets	38,041	19,307
Current liabilities	13,747	621
Total liabilities	13,749	6,446
Total net assets	24,292	12,861
Total equity of the parent entity comprising of:		
Issued capital	102,460	85,499
Accumulated losses	(80,272)	(75,547)
Other reserves	2,104	2,909
Total equity	24,292	12,861

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:

	2018 $'000	2017 $'000
Tenements		
Minimum expenditure requirement:		
Within one year	26	1,306
One year later and no later than five years	---	6,769
Later than five years	---	---
Total	26	8,075

Parent entity commitments in relation to rental property:

	2018 $'000	2017 $'000
Commitments		
Rental property commitments	89	2

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 19 for further detail.

27. 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 no options granted to employees and consultants during the financial year (2017: 36,900,000 options) under the Company's OPRP.

Outlined below is a summary of option movements during the financial year ended 30 June 2018 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 2018								
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
24-Sep-13	31-May-18	$0.15	1,000,000	---	---	(1,000,000)	---	---
24-Sep-13	31-May-18	$0.25	1,000,000	---	---	(1,000,000)	---	---
24-Sep-13	31-May-18	$0.35	1,000,000	---	---	(1,000,000)	---	---
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	40,400,000	---	---	(3,000,000)	---	37,400,000		
Weighted average exercise price	**0.060**	**---**	**---**	**---**	**---**	**0.044**		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

Outlined below is a summary of option movements during the financial 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 2018								
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
24-Sep-13	31-May-18	$0.15	1,000,000	---	---	---	---	1,000,000
24-Sep-13	31-May-18	$0.25	1,000,000	---	---	---	---	1,000,000
24-Sep-13	31-May-18	$0.35	1,000,000	---	---	---	---	1,000,000
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			3,500,000	36,900,000	---	---	---	40,400,000
Weighted average exercise price			**0.222**	**0.045**	**---**	**---**	**---**	**0.060**

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

GRANT DATE	EXPIRY DATE	2018	2017	2016
31 May 2017	31 May 2022	12,300,000	---	---
26 Nov 2015	30 Nov 2020	18,333,333	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		**30,633,333**	**38,333,333**	**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 $0.43M (2017: $0.20M). Options which expired during the financial year were written back to accumulated losses, $824,000.

The weighted average contractual life for the share options outstanding as at 30 June 2018 is between 1 and 4 years (2017: 1 and 4 years).

28 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:

- On 21 September 2018, the Company announced an issue of 15.3M unlisted options to employees under the Company's Option and Performance Rights Plan.
- A general meeting of shareholders was held on 3 August 2018 and approved the following:
  - *IGO Share issue* - The issue of 100.0M Shares, at an issue price of 5.0 cents each, to IGO on 21 May 2018. The Company announced on 18 May 2018 that it had entered into a placement agreement with IGO pursuant to which IGO agreed to subscribe for a placement of Shares in the Company at 5.0 cents per Share to raise $5M. Further details of the placement agreement (including preferential rights granted to IGO in respect of any potential joint venture or sale of the Company's nickel projects in the Areachap Belt, South Africa), are included in the Company's ASX announcement dated 18 May 2018.
  - *General placement 1 and 2 Shares* - The issue of 297.3M Shares at an issue price of 3.7 cents per Share as follows:
- Tranche 1: On 29 June 2018, the Company completed the first stage of a capital raising by issuing 91.6M Shares at 3.7 cents per Share to raise $3.39M to sophisticated and professional investors.
- Tranche 2: The second stage of a capital raising involved a further placement of 212.45M Shares at an issue price of 3.7 cents per Share, to professional and sophisticated investors to raise approximately $7.86M. These Shares were issued on 15 August 2018.
- Issue to Mr Denis Waddell (or his nominee): The third stage of a capital raising involved a further placement of 6.76M Shares to Mr Denis Waddell (or his nominee) at an issue price of 3.7 cents per Share, to raise a total of $0.25M. These Shares were issued on 23 August 2018.
- Issue to Tembo Capital: A further placement of 102.70M Shares to Tembo Capital, at a deemed issue price of 3.7 cents per Share. The Shares issued to Tembo Capital were issued in consideration for reducing the amount re-payable to Tembo Capital under the Loan Facility between the Company and Tembo, pursuant to which Tembo Capital has advanced $6M in funds to Orion (refer Note 12). These Shares were issued on 23 August 2018.
  - *Tembo Bridge Loan Conversion Shares* – The issue of 70.22M Shares to Tembo Capital (or its nominee) at a deemed issue price of 3.7 cents per Share in consideration for a further reduction in amounts re-payable under the Loan Facility.

DIRECTORS' DECLARATION

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

(a) the consolidated financial statements and notes that are set out on pages 102 to 143 and the Remuneration report set out on pages 90 to 98, 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 2018 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 2018.

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
Perth, Western Australia

27 September 2018

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ORION MINERALS LTD

OPINION

We have audited the financial report of Orion Minerals Ltd. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 2018 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 $8.833m for the financial year ended 30 June 2018. Group reported operating net cash outflows for the financial year ended 30 June 2018 of $6.567m. 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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ORION MINERALS LTD

the matter described below to be a key audit matter to be communicated in our report.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THIS MATTER
Impairment of Exploration Assets Refer to Note 8 in the Consolidated Financial Statements	
The Group has capitalised exploration and evaluation expenditure, with a carrying value of $17.639m as at 30 June 2018. 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.

OTHER INFORMATION

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 2018, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ORION MINERALS LTD

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 2018.

In our opinion, the Remuneration Report of Orion Minerals Ltd for the year ended 30 June 2018, 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 AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 27 September 2018
Melbourne, Victoria

ADDITIONAL ASX INFORMATION

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

Shareholdings

At 30 September 2018, the issued share capital of the Company was held as follows:

DISTRIBUTION OF ORDINARY SHARES AND OPTION HOLDERS				
	FULLY PAID ORDINARY SHARES		OPTIONS	
	No. of holders	No. of shares	No. of holders	No. of options
100,001 and over	560	1,848,155,239	36	208,562,004
10,001 – 100,000	519	26,634,160	-	-
5,001 – 10,000	61	485,813	-	-
1,001 – 5,000	140	383,051	-	-
1 – 1,000	314	75,234	-	-
	1,594	**1,873,733,497**	**36**	**208,562,004**

Holders of non-marketable parcels

Number of fully paid ordinary shareholders with holdings of less than a marketable parcel on the ASX register was 269.

	THE NAMES OF THE TWENTY LARGEST HOLDERS OF ORDINARY FULLY PAID SHARES ARE:	ORDINARY SHARES	%
1	Ndouv Capital X BV	430,918,918	23.00%
2	Independence Group NL	154,166,666	8.23%
3	Tarney Holdings / DP Waddell Super Fund	111,714,746	5.96%
4	Wyllie Group Pty Ltd	69,460,360	3.71%
5	Silja Investment Ltd	56,706,576	3.03%
6	HSBC Custody Nominees (Australia) Ltd	54,445,348	2.91%
7	Ilwella Pty Ltd	54,054,054	2.88%
8	Power Matla Mining Pty Ltd	33,970,838	1.81%
9	Delta Resources Management Pty Ltd	33,226,269	1.77%
10	Botsis Holdings Pty Ltd	29,816,666	1.59%
11	Jemaya Pty Ltd	27,200,000	1.45%
12	Perth Select Seafoods Pty Ltd	24,000,000	1.28%
13	Dr Leon Eugene Pretorius	24,000,000	1.28%
14	Delphi Unternehmensberatung Aktiengesellchaft	23,413,514	1.25%
15	Johannes Nicolaas Hamman	21,519,636	1.15%
16	Berend van Deventer	20,149,462	1.08%
17	Kinsella Holdings Ltd	19,366,666	1.03%
18	Baramakama Investments Holdings Pty	19,256,757	1.03%
19	Mr Mark William Daniel & Mrs Suzanne Daniel	17,633,334	0.94%
20	Belair Australia Pty Ltd	15,405,758	0.82%
		1,240,425,568	66.20%

Total issued ordinary share capital	**1,873,733,497**	

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
Ndovu Capital X BV	27-08-2018	430,918,918	22.99
Denis Waddell	27-08-2018	109,714,746	5.86
Independence Group NL	27-08-2018	154,166,666	8.23
This information is based on substantial holder notifications provided to the Company.			

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	REP	ORN 73.33%
Marydale	NC30/5/1/2/2/10244PR	Granted	10/02/2010	29/02/2020	RRT	ORN 73.33%
Prieska	NC30/5/1/1/2/11841PR	Granted	09/03/2018	24/04/2023	VAR	ORN 70.00%
Prieska	NC30/5/1/1/2/11850PR	Granted	09/03/2018	08/03/2023	BAR	ORN 73.33%
Jacomynspan	NC30/5/1/1/2/10032MR	Granted	19/09/2016	Not Executed	NAM	ORN 18.50%
Jacomynspan	NC30/5/1/1/2/10938PR	Granted	09/11/2017	08/11/2022	DIS	ORN 18.50%
Jacomynspan	NC30/5/1/1/2/11010PR	Granted	09/11/2017	08/11/2022	DIS	ORN 18.50%
Masiqhame	NC30/5/1/1/2/816PR	Granted	27/03/2014	11/03/2019	MAS	ORN 49.00%
Prieska	NC30/5/1/1/2/11840PR	Granted	29/08/2018	Execution Pending	REP	ORN 73.33%
Prieska	NC30/5/1/1/2/10138MR	Application	Application	Application	-	-
Prieska	NC30/5/1/1/2/12197PR	Application	Application	Application	-	-
Prieska	NC30/5/1/1/2/12196PR	Application	Application	Application	-	-
Vardocube	NC30/5/1/2/2/10146MR	Application	Application	Application	-	-
Jacomynspan	NC30/5/1/1/2/12216PR	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	E69/2707	Granted	19/06/2015	18/06/2020	PON / IGO	ORN 10%
Fraser Range	E39/1658	Application	Application	Application	-	-
Fraser Range	E39/1818	Application	Application	Application	-	-
Fraser Range	E69/2706	Application	Application	Application	-	-

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 Ltd); 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); NAM (Namaqua Nickel Mining (Pty) Ltd); DIS (Disawell (Pty) Ltd); MAS (Masiqhame 855 (Pty) Ltd); REP (Repli Trading No 27 (Pty) Ltd); VAR (Vardocube (Pty) Ltd); BAR (Bartotrax (Pty) Ltd); RRT (Rich Rewards Trading 437 (Pty) Ltd; OE1 (Orion Exploration No 1 (Pty) Ltd); OE4 (Orion Exploration No 4 (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.

NOTES

CORPORATE DIRECTORY

COMPANY SECRETARY
Mr Martin Bouwmeester

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Melbourne, Victoria, 3000

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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


64m @ 1.55g/t Au & 0.29% Cu

Orion Minerals