



ORA BANDA MINING LIMITED

ABN 69 100 038 266

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**ORA BANDA MINING LIMITED
CORPORATE DIRECTORY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

DIRECTORS

Peter Mansell (Non-executive Chairman)
David Quinlivan (Managing Director)
Keith Jones (Non-executive Director)
Mark Wheatley (Non-executive Director)

COMPANY SECRETARY

Tony Brazier
Susan Hunter

REGISTERED & PRINCIPAL OFFICE ADDRESS

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SHARE REGISTRY

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AUDITORS

KPMG
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Perth WA 6000

SECURITIES EXCHANGE LISTING

Listed on the Australian Securities Exchange under the trading code **OBM**

**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

The Directors submit herewith the financial report of Ora Banda Mining Limited (the Company) and its subsidiaries (the Group) for the half-year ended 31 December 2019.

DIRECTORS

The Directors of the Company at any time during the half year and up to the date of this report are set out below. Directors have been in office for this entire period unless otherwise stated.

Peter Mansell (Non-executive Chairman)
David Quinlivan (Managing Director)
Keith Jones (Non-executive Director)
Mark Wheatly (Non-executive Director)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial period were mineral exploration and evaluation and development related to the Davyhurst gold project.

Care and maintenance of the Group's processing facilities located at the Davyhurst site, together with its historically producing gold mine at the Mt Ida gold project, remained ongoing.

There were no changes in activities during the financial period to those being undertaken at 30 June 2019.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of Ora Banda Mining Limited during the period under review.

REVIEW OF OPERATIONS

Resource & Reserve Drilling

Resource definition drilling operations at the Company's Davyhurst Gold Project (DGP) continued during the review period with two RC drill rigs completing 17,840 metres and two diamond drill rigs completing 6,434 metres for a combined total of 24,274 drill metres.

The Company remains focussed on evaluating both the technical and economic viability of mining and processing ore from five advanced prospects, all of which are well-understood geologically and which are relatively close to the Davyhurst processing plant. A mineral resource increase at Riverina delivered an uplift in the Company's Mineral Resource statement as at 31 December 2019 to 22.2Mt @ 2.6g/t for 1.85 million ounces of contained gold with further updates pending. The Company's Reserve position for the Siberia project only totalled 2.8Mt @ 2.3g/t Au for 213,000 ounces. The Company expects reserves to be declared at the other four projects in the near term.

**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

REVIEW OF OPERATIONS (continued)

Resource Definition Drilling Overview

The primary objective of the drilling programs is to deliver upgraded mineral resources and reserves into a Definitive Feasibility Study (DFS) that is due for completion in June 2020. The drilling also aims to quantify the technical aspects of each of the deposits, such as metallurgical and geotechnical parameters, that are also required for the DFS. The intensive drilling programs progressed well during the reporting period.

The five targeted deposits include:

- Riverina;
- Waihi;
- Callion;
- Siberia; and
- Golden Eagle.

These deposits will underpin the delivery of a five-year mine plan that will include both open pit and underground mining operations.

Riverina

Phase 1 of the Riverina infill drilling program which was complete during the review period (80 drill holes for 6,267 metres) was targeted at reducing overall drill spacing on the three primary lodes at Riverina (Main, Murchison and Reggie lodes) to approximately 20 metre centres within the Main Mining Area.

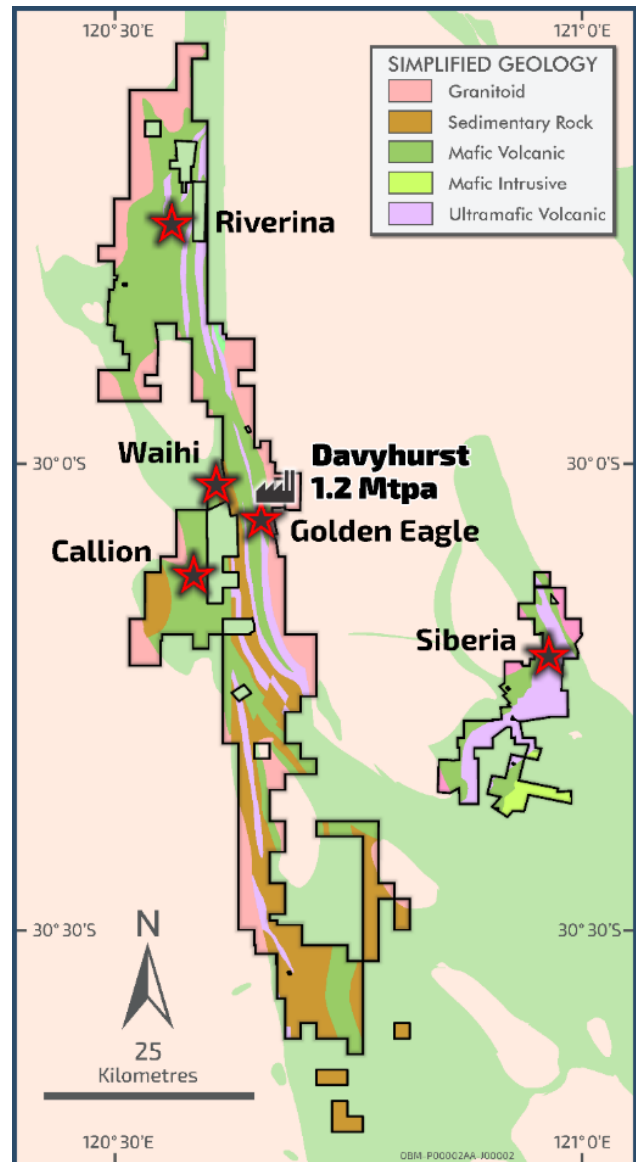
Assay results, which were consistent with the Company's pre-drilling expectations, support the robust nature of the gold mineralisation with a combination of narrow high-grade intercepts and broader lower-grade zones intersected across the three primary lode systems.

Riverina is located approximately 48 kilometres from the Davyhurst processing plant.

Waihi

Located just three kilometres from the Davyhurst processing plant, the Waihi prospect comprises the historical Waihi, Homeward Bound and Golden Pole deposits.

Phase 1 of the Waihi resource definition infill drilling program has focussed on delineating and upgrading an optimal open pit Mineral Resource on the Waihi and Homeward Bound lines of lode. Additional drilling targeted open pit extensions to the north and south of the existing open pit, and also the potential for underground resource extensions at depth.

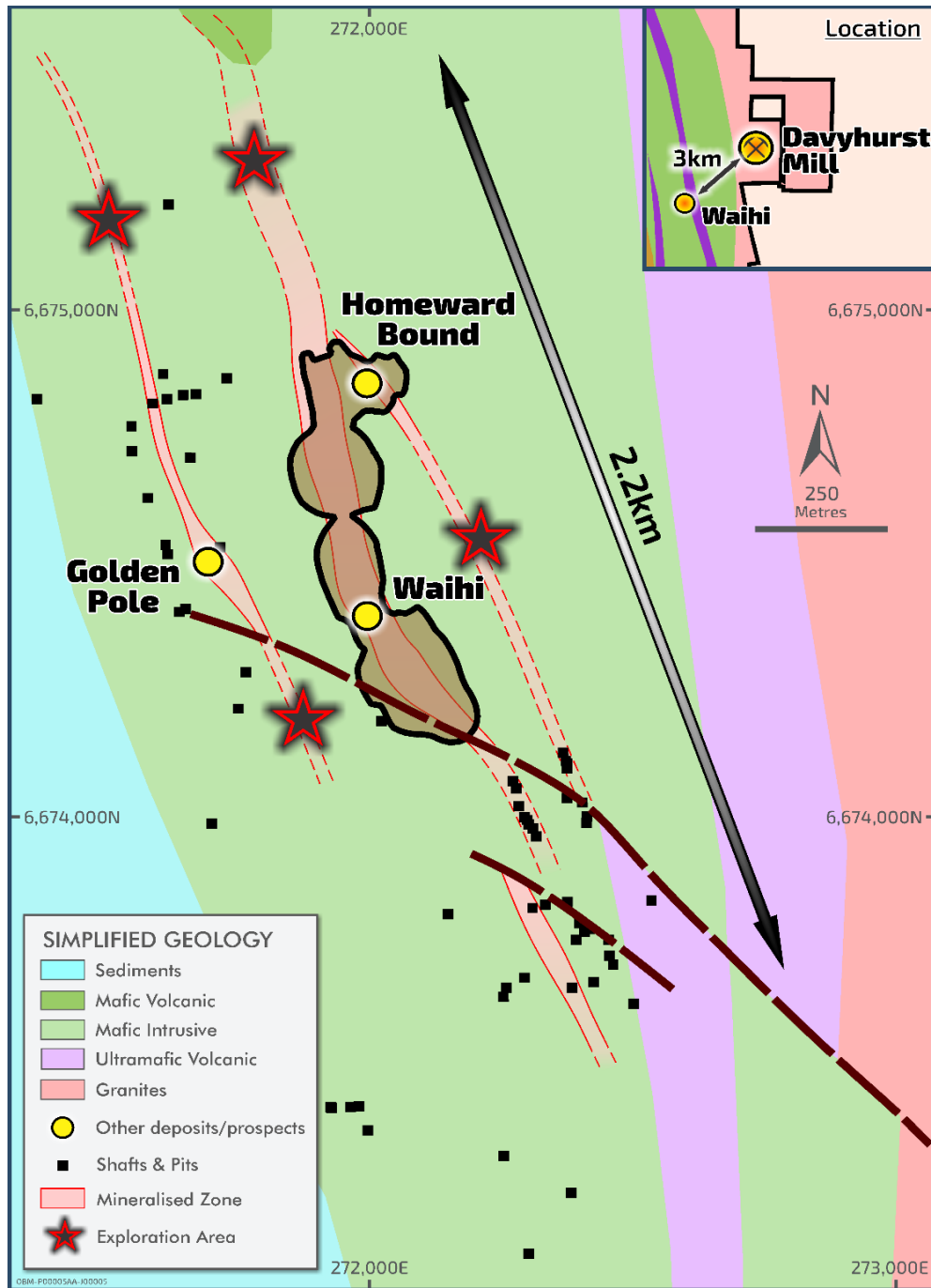


**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

REVIEW OF OPERATIONS (continued)

Waihi (Cont)

During the review period a structural geological consultant engaged by the Company completed a detailed review of the Waihi deposit and surrounding areas. This specialised input greatly assisted with drill targeting and advancement of a structurally dominated mineralisation model. Further development and understanding of the structural controls at Waihi remain an ongoing focus for the Company.

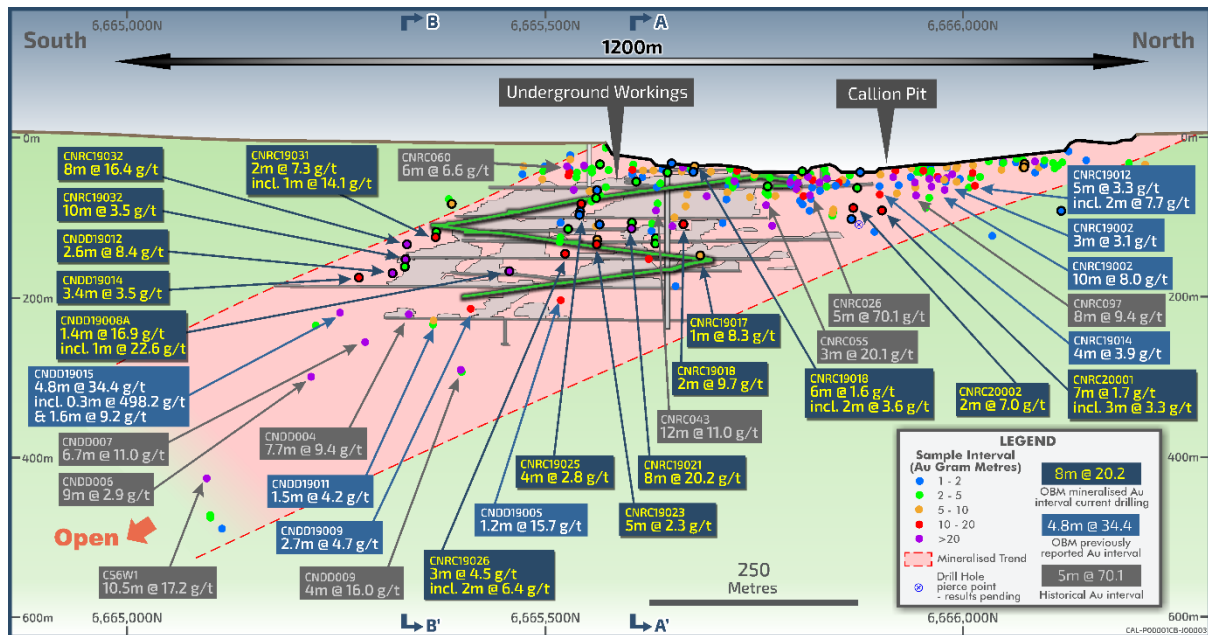


**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

REVIEW OF OPERATIONS (continued)

Callion

Located approximately 13 kilometres from the Davyhurst processing plant, the existing Callion open pit is approximately 650 metres long and approximately 40 metres deep, with the underground workings extending off the southern end of the pit to a vertical depth of 220 metres below surface. The deepest high-grade diamond drill hole result recorded from Callion to date (CS6W1 – 10.5 metres @ 17.2 g/t) sits approximately 420 metres vertically below surface and approximately 200 metres vertically below the base of the existing mine workings.



Drilling activities focussed on the open pit and immediate remanent underground resource. The mineralisation remains open at depth in an area which will be targeted by future exploration efforts.

Development plans for the Callion deposit include an open pit cut back, re-establishing access to existing underground mine workings, rehabilitating existing underground mine development where required to extract a number of high-grade zones that remain within the historical mine and the development and extraction of new high-grade areas below the existing mine workings.

Siberia

Located approximately 39 kilometres from the Davyhurst processing plant, the prospect incorporates both the Sand King and Missouri open pits. Although no Resource or Reserve drilling was undertaken at Siberia during the review period, a 16-hole infill drill program (600 metre RC and 1,400 metre diamond) at Sand King commenced in early 2020. The program is designed to infill resource areas below the base of the existing open pit.

Golden Eagle

Surface drilling to test the northern plunge extension of the mineralisation commenced during the review period. A total of six RC pre-collars were completed across two drill lines for 870 metres total. At 31 December 2019 three diamond tails had been completed for 616 metres. Variable amounts of alteration and quartz-sulfide were encountered across the holes. Golden Eagle core is currently being processed. Diamond drilling will continue in January 2020.

Golden Eagle is located approximately two kilometres from the Davyhurst processing plant.

ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

REVIEW OF OPERATIONS (continued)

Regional Exploration

Regional exploration continued throughout the review period, with all minimum expenditure commitments met.

The exploration focus has been on the development of a coherent exploration program for the coming 12 months and continuation of the ranking and target definition for all prospects within the Company's extensive project area.

Davyhurst Process Plant

A full clean-up of the processing plant area was completed during the review period, prior to the implementation of a care and maintenance program prepared by GR Engineering Services (GRES) in early 2020.

Corporate

Capital Raising

On 16 August 2019 the Company announced it had received firm commitments for a Placement to raise \$18.5 million (before costs) via the issue of 100,000,000 new fully paid ordinary shares. The Placement was undertaken at an issue price of 18.5 cents per fully paid ordinary share and was strongly supported both by existing Ora Banda shareholders and new sophisticated and professional investors introducing a number of new institutional shareholders to the Company's register.

Settlement of Tranche 1 of the Placement (the issue of approximately 57.6 million new shares) was announced on 26 August 2019. On 15 November 2019 shareholders approved the issue of approximately 42.4 million new shares to Ora Banda's major shareholder, Hawke's Point Holdings 1 Limited (Tranche 2 of the Placement).

Small Shareholding Sale Facility

On 7 August 2019 the Company announced it had established a small shareholding sale facility to provide shareholders with holdings valued at less than \$500 (Unmarketable Parcels) with an opportunity to sell their shareholdings without incurring brokerage or handling costs.

On 24 October 2019 the Company announced completion of the small shareholding sale facility. Of the 812,878 fully paid ordinary shares comprising the Unmarketable Parcels at Record Date (6 August 2019), 643,882 fully paid ordinary shares (79%) were sold under the small shareholder sale facility.

Financial Review

The Group recorded a net loss of \$5.17 million for the half-year ended 31 December 2019 (Half-year ended 31 December 2018: \$17.52 million). There were no asset impairment losses recognised for the half-year ended 31 December 2019 (Half-year ended 31 December 2018: \$0.69 million).

During the half-year ended 31 December 2019 the Group incurred \$4.76 million (Year ended 30 June 2019: \$1.56 million) of mine development expenditure; and acquired plant and equipment of \$0.11 million (Year ended 30 June 2019: Nil).

During the half-year ended 31 December 2019 the Group recorded net cash outflows of \$8.87 million in operating and investing activities, which was funded by existing cash of \$14.14 million at 1 July 2019 and cash inflows of \$17.67 million from share issues. The Group's closing cash balance at 31 December 2019 was \$22.86 million.

**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

CAPITAL STRUCTURE

As discussed above, during the six months ended 31 December 2019 the Company issued 100 million ordinary shares through two tranches at a price of \$0.185 per share, raising \$18.5 million before capital raising costs of \$0.83 million.

Additionally, 700,000 ordinary shares were issued as a result of the exercise of unlisted vested performance options at a nil exercise price.

A total of 3 million unlisted options were issued during the six months ended 31 December 2019, as follows:

- 2.5 million options are subject to a vesting condition based on Relative Total Shareholder Return, whereby the Company's total shareholder return is measured relative to the returns of a peer group over the performance period 1 July 2019 to 30 June 2022. A total of 50% of the options will vest if the Company's performance relative to the peer group is at the 50th percentile, while 100% of the options will vest if the Company's performance relative to the peer group is at the 75th percentile. The vesting of the options between the 50th and the 75th percentile will be 50% to 100% vesting based on a straight-line pro rata basis;
- 500,000 options are subject to a vesting condition based on the achievement of the Company's performance metrics over the performance period 1 July 2019 to 30 June 2020. The vesting criteria are 50% vesting based on the Company's management response criteria, 40% vesting based on the Company's physical and cost performance criteria and 10% based on the Company's relative shareholder return performance criteria.

DIVIDENDS

No amounts were paid or declared by way of dividend since the end of the previous financial year.

The Directors do not recommend the payment of a dividend in respect of the current half-year.

EVENTS AFTER BALANCE DATE

No matters have arisen since the end of the half year that impact or are likely to impact the results of the Group in subsequent financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is included immediately following the Directors' Report and forms part of the Directors' Report.

**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest one thousand dollars, or in certain instances to the nearest dollar (where indicated).

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'David Quinlivan', written in a cursive style.

David Quinlivan
Managing Director

Perth, Western Australia
13 March 2020



ORA BANDA MINING LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Lead Auditor's Independence Declaration under
Section 307C of the Corporations Act 2001

To the Directors of Ora Banda Mining Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Ora Banda Mining Limited for the half-year ended 31 December 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG.

KPMG

R Gambitta
Partner

Perth

13 March 2020

ORA BANDA MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Notes	31 Dec 2019 \$'000	31 Dec 2018 \$'000
Revenue from contract with customers – Gold sales		-	6,094
Cost of sales		-	(10,269)
Gross loss		-	(4,175)
Other income/(expenses)		139	(307)
General and administration expenses	6a	(3,168)	(5,284)
Exploration and evaluation expenses		(1,212)	(1,567)
Impairment of assets		-	(693)
Other operating expenses	6b	(949)	(3,678)
Operating loss		(5,190)	(15,704)
Finance income		145	-
Finance costs		(122)	(1,863)
Loss before tax		(5,167)	(17,567)
Income tax benefit		-	44
Loss for the period		(5,167)	(17,523)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value of financial assets, net of tax		-	103
Other comprehensive income for the period, net of tax		-	103
Total comprehensive loss for the period		(5,167)	(17,420)
Total comprehensive loss attributable to: Equity holders of the parent		(5,167)	(17,420)
Loss per share attributable to the ordinary equity holders of the parent:			
Basic and diluted loss per share (cents)		(0.97)	(2.31)

The accompanying notes form part of these financial statements.

ORA BANDA MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	31 Dec 2019 \$'000	30 Jun 2019 \$'000
Current assets			
Cash and cash equivalents		22,865	14,142
Trade and other receivables	7	879	71
Prepayments		760	497
Inventories		64	-
Total current assets		24,568	14,710
Non-current assets			
Trade and other receivables	7	30	20
Property, plant and equipment	8	43,910	38,314
Right-of-use assets	9	526	-
Total non-current assets		44,466	38,334
Total assets		69,034	53,044
Current liabilities			
Trade and other payables		1,907	853
Lease liabilities	10	255	-
Provisions	11	159	179
Total current liabilities		2,321	1,032
Non-current liabilities			
Lease liabilities	10	276	-
Provisions	11	17,605	16,644
Total non-current liabilities		17,881	16,644
Total liabilities		20,202	17,676
Net assets		48,832	35,368
EQUITY			
Share capital	12	368,191	350,519
Reserves		13,238	13,030
Accumulated losses		(332,597)	(328,181)
Total equity		48,832	35,368

The accompanying notes form part of these financial statements.

ORA BANDA MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Notes	Share capital \$'000	Accumulated losses \$'000	Share based payments reserve \$'000	Fair value reserve \$'000	Total \$'000
Balance as at 1 July 2019		350,519	(328,181)	12,279	751	35,368
Loss for the period		-	(5,167)	-	-	(5,167)
Total comprehensive loss for the period		-	(5,167)	-	-	(5,167)
Issue of ordinary shares (net of costs)	12	17,672	-	-	-	17,672
Share based payments	13	-	-	959	-	959
Transfer from fair value reserve		-	751	-	(751)	-
Balance as at 31 December 2019		368,191	(332,597)	13,238	-	48,832
Balance as at 1 July 2018		287,168	(336,255)	11,892	1,218	(35,977)
Loss for the period		-	(17,523)	-	-	(17,523)
Other comprehensive income, net of income tax		-	-	-	103	103
Total comprehensive loss for the period		-	(17,523)	-	103	(17,420)
Share based payments	13	-	-	125	-	125
Balance as at 31 December 2018		287,168	(353,778)	12,017	1,321	(53,272)

The accompanying notes form part of these financial statements.

ORA BANDA MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	31 Dec 2019 \$'000	31 Dec 2018 \$'000
	<hr/>	<hr/>
Cash flows from operating activities		
Receipts from customers	-	6,094
Other receipts	124	-
Payments to suppliers and employees	(5,192)	(12,877)
Interest received	121	-
Interest paid	-	(184)
Net cash flows used in operating activities	<hr/> (4,947)	<hr/> (6,967)
Cash flows from investing activities		
Proceeds from sale of plant and equipment	36	-
Payments for property, plant and equipment	(3,960)	(1,565)
Receipts for financial assets	-	2,386
Net cash flows (used in)/from investing activities	<hr/> (3,924)	<hr/> 821
Cash flows from financing activities		
Proceeds from the issue of shares (net of costs)	17,672	-
Proceeds from loan advances	-	8,900
Repayment of lease liabilities	(78)	-
Net cash flows from financing activities	<hr/> 17,594	<hr/> 8,900
Net increase in cash and cash equivalents held	<hr/> 8,723	<hr/> 2,754
Cash and cash equivalents at the beginning of the financial period	<hr/> 14,142	<hr/> 5
Cash and cash equivalents at the end of the financial period	<hr/> 22,865	<hr/> 2,759

The accompanying notes form part of these financial statements.

ORA BANDA MINING LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Ora Banda Mining Limited (Company) and its subsidiaries (the Group) are a for-profit group of entities incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). These condensed consolidated interim financial statements (interim financial statements) as at and for the six months ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the Group). The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. BASIS OF ACCOUNTING

These interim financial statements have been prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. The interim financial statements do not include notes of the type normally included in a complete set of annual financial statements and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

This is the first set of the Group's financial statements in which AASB 16 *Leases* (AASB 16) has been applied. Changes to significant accounting policies are described in Note 4.

These interim financial statements were authorised for issue by the Company's board of directors on 13 March 2020.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements by managements in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for the new significant judgements related to lessee accounting under AASB 16, which are described in note 4.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are consistent with those adopted and disclosed in the Company's 30 June 2019 annual financial statements, except for the accounting policy on leases described below which has changed as a result of the adoption of AASB 16.

The change in the accounting policy for leases is also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2020. The Group has initially adopted AASB 16 from 1 July 2019. There are new standards/amendments effective from 1 July 2019, but they are not expected to have a material effect on the Group's financial statements.

AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group adopted the new standard using the modified retrospective approach, where the lease liability is measured at the present value of future lease payments on the initial date of application, being 1 July 2019. The lease asset is measured as an amount equal to the lease liability. Under the transition method, prior period comparative financial statements are not required to be restated. The details in the changes in accounting policies are disclosed below.

ORA BANDA MINING LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Leases

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and AASB Interpretation 4 were not reassessed. Therefore, the definition of a lease under AASB 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of that contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (as example certain office equipment). For these leases, the Group recognises the lease payments as an expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The Group presents lease liabilities as a separate line item in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The interest expense is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

ORA BANDA MINING LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies AASB 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired and, if so, recognises the impairment loss in profit or loss.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition (Group as Lessee)

At transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

The impact of initial application of AASB 16 at the 1 July 2019 transition date was the recognition of a right-of-use asset of \$132,000 and a corresponding lease liability in the statement of financial position. The weighted average discount rate used in discounting the lease liabilities as at 1 July 2019 was 6%. Further disclosures are included in Notes 9 and 10.

5. SEGMENT INFORMATION

For the period ended 31 December 2019 the Group's focus has been on the exploration, evaluation and development of its interests in mineral tenement licences associated with the Davyhurst gold project, which represents one operating segment. The Group operates in Australia.

ORA BANDA MINING LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. (a) GENERAL AND ADMINISTRATION EXPENSES

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
Employee benefit expenses	1,178	3,834
Share based payments	959	125
Administration and corporate costs	1,090	1,618
Depreciation and amortisation charges	87	-
Doubtful debts provision movements	(146)	-
Realised hedging gains	-	(293)
	<u>3,168</u>	<u>5,284</u>

6. (b) OTHER OPERATING EXPENSES

	31 Dec 2019	31 Dec 2018
	\$'000	\$'000
Site contractors and consultants	167	1,216
Travel costs	98	478
Other	684	1,984
	<u>949</u>	<u>3,678</u>

Gold-in-circuit movements of \$1,927,000 for the six months ended 31 December 2018 were reclassified from other operating expenses to cost of sales.

7. TRADE AND OTHER RECEIVABLES

	31 Dec 2019	30 Jun 2019
	\$'000	\$'000
Current		
GST receivables	720	71
Other receivables	2,192	2,442
	<u>2,912</u>	<u>2,513</u>
Less Provision for doubtful debts	(2,033)	(2,442)
	<u>879</u>	<u>71</u>
Non-current		
Security deposits	<u>30</u>	<u>20</u>

The doubtful debts provision decreased by \$409,000 during the six months ended 31 December 2019 as a result of: (i) fully provided debt amounting to \$263,000 being written off during the period; and (ii) the reversal of the doubtful debts provision due to debts amounting to \$146,000 being recovered.

ORA BANDA MINING LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include mine properties and other plant & equipment.

The net carrying value of property, plant and equipment at 31 December 2019 was \$43,910,000 (30 June 2019: \$38,314,000).

During the six months ended 31 December 2019, the Group acquired plant & equipment with a cost of \$114,000 (Year ended 30 June 2019: Nil) and capitalised mine development expenditure with a cost of \$4,765,000 (Year ended 30 June 2019: \$1,565,000). During the six months ended 31 December 2019, an increase of \$846,000 was attributed directly to mine properties as a result of the reassessment of rehabilitation provision at 31 December 2019 (Year ended 30 June 2019: Nil).

Plant & equipment with a carrying value of nil were disposed of during the six months ended 31 December 2019, resulting in a gain on disposal of \$36,000. No disposals occurred during the year ended 30 June 2019.

Depreciation of \$113,000 was recognised during the six months ended 31 December 2019 (Year ended 30 June 2019: \$1.02 million), and no impairment loss was recognised during the six months ended 31 December 2019 (Year ended 30 June 2019: \$692,000).

9. RIGHT-OF-USE ASSETS

	Property, plant and equipment \$'000
Non-current	
Cost	
Opening balance at 1 July 2019	-
Recognised on initial application of AASB 16	132
Adjusted balance on 1 July 2019	132
Additions	471
Closing balance at 31 December 2019	603
Accumulated depreciation	
Opening balance at 1 July 2019	-
Depreciation charge for the period	77
Closing balance at 31 December 2019	77
Carrying amount – Opening balance at 1 July 2019 following initial application	132
Carrying amount – Closing balance at 31 December 2019	526

There were no right-of-use assets recognised as at 30 June 2019. The impact of initial application of AASB 16 at the 1 July 2019 transition date was the recognition of a right-of-use asset of \$132,000 and a corresponding lease liability. The weighted average discount rate used in discounting the lease liabilities as at 1 July 2019 and for additions during the six months ended 31 December 2019 was 6%.

ORA BANDA MINING LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. LEASE LIABILITIES

	31 Dec 2019 \$'000	30 Jun 2019 \$'000
Maturity analysis		
Year 1	278	-
Year 2	201	-
Year 3	86	-
	565	-
Less: Unearned interest	(34)	-
	531	-
Analysed as:		
Current	255	-
Non-current	276	-
	531	-

The right-of-use assets to which the lease liabilities relate is disclosed under Note 9.

During the six months ended 31 December 2019, the Group recognised \$8,000 as lease liability interest expenses in the statement of profit and loss. There were no lease liabilities recognised as at 30 June 2019.

11. PROVISIONS

	31 Dec 2019 \$'000	30 Jun 2019 \$'000
Current		
Employee entitlements	159	179
Non-current		
Provision for rehabilitation	17,605	16,644

An accretion expense of \$115,000, representing the unwinding of the discount on the rehabilitation provision, was recognised in profit or loss during the six months ended 31 December 2019. The rehabilitation provision was re-assessed at 31 December 2019 resulting in an increase of \$846,000. The inputs applied in the estimation of the provision are outlined in the Group's 30 June 2019 financial statements.

12. SHARE CAPITAL

The fully paid share capital value at 31 December 2019 was \$368,191,000 (30 June 2019: \$350,519,000), with 586,419,962 shares on issue at 31 December 2019 (30 June 2019: 485,719,962).

During the six months ended 31 December 2019 the Company issued 100 million ordinary shares through two tranches at a price of \$0.185 per share raising \$18.5 million before capital raising costs of \$828,000 (30 June 2019: 6,524,016,609 ordinary shares issued at \$0.01, raising \$65.24 million before capital raising costs of \$1.89 million).

Additionally, 700,000 ordinary shares were issued as a result of the exercise of unlisted vested performance options at a nil exercise price (30 June 2019: 12 unlisted options exercised at an average exercise price of \$0.26). All issued shares are fully paid.

No dividends were declared by the Company (Half-year ended 31 December 2018: Nil).

ORA BANDA MINING LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. SHARE-BASED PAYMENT ARRANGEMENTS

Of the 44,433,913 options outstanding at 30 June 2019, 700,000 performance options have been exercised during the six months ended 31 December 2019 at a nil exercise price.

A total of 3,000,000 unlisted options were issued during the six months ended 31 December 2019. Of the issued options, 2,500,000 are subject to a vesting condition based on Relative Total Shareholder Return ('RTSR'), whereby the Company's total shareholder return is measured relative to the returns of a peer group over the performance period 1 July 2019 to 30 June 2022. The fair value of the RTSR options was estimated as at the date of grant using a Monte Carlo simulation model taking into account the terms and conditions upon which the options were granted. These options will vest according to the following schedule:

Company's Performance Relative to Peer Group	Percentage of Options Eligible to Vest
Below 50 th percentile	-%
50 th to 75 th percentile	50% to 100% on a straight-line pro rata
75 th percentile	100%

The remaining 500,000 issued options are subject to a vesting condition based on the achievement of the Company's performance metrics ('OTHER') over the performance period 1 July 2019 to 30 June 2020. The fair value of these options was estimated as at the date of grant using the Black Scholes option pricing methodology taking into account the terms and conditions upon which the options were granted. These options will vest according to the following schedule:

Option Vesting Conditions	Percentage of Options Eligible to Vest
Ora Banda Physical & Cost Performance	40%
Ora Banda Management Response	50%
Ora Banda Company RSR Performance	10%

The terms and conditions upon which the options were granted are summarised in the following table:

OPTION CLASS	OTHER	RTSR	RTSR
Underlying security share price at grant date	\$0.17	\$0.17	\$0.175
Exercise price	Nil	Nil	Nil
Grant date	9/10/2019	9/10/2019	15/11/2019
Vesting date	30/06/2020	30/06/2022	30/06/2022
Expiry date	31/07/2020	30/06/2024	30/06/2024
Risk-free rate	0.62%	0.60%	0.75%
Volatility	80%	80%	80%
Dividend yield	Nil	Nil	Nil
Number of options issued	500,000	500,000	2,000,000
Valuation per option	\$0.17	\$0.12	\$0.128
Fair value per option class	\$85,000	\$60,000	\$256,000

During the six months ended 31 December 2019, the Group recognised a share based payment expense of \$959,000 (Half-year ended 31 December 2018: \$125,000).

ORA BANDA MINING LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. CONTINGENT LIABILITIES AND COMMITMENTS

There were no significant changes to the commitments or contingent liabilities identified as at 30 June 2019.

The Company (and its wholly owned subsidiaries) is a party to various proceedings in the Wardens Court pursuant to which third parties are seeking to challenge its title to various mining tenements by way of forfeiture and other proceedings. The Group has legal representation in respect of these claims. The Directors do not believe the claims have a reasonable prospect of success and the claims will be vigorously defended by the Group.

15. RELATED PARTIES

During the six months ended 31 December 2019, options were issued to the following Directors and Key Management Personnel (KMP):

	Grant Date	Number of Options	Total Value of Options \$'000	Share based Payments Jul - Dec 19 \$'000
David Quinlivan (Managing Director)	15/11/2019	2,000,000	256	43

The vesting condition of the abovementioned options is based on Relative Total Shareholder Return performance measurement against a peer group; and the options vest on 30 June 2022. The terms and conditions relating to the 2 million options are disclosed in Note 13.

David Quinlivan (Managing Director) exercised 700,000 performance options at nil exercise price during the six months ended 31 December 2019.

Other than the transactions stated above, there were no new related party transactions for the six months ended 31 December 2019.

16. EVENTS AFTER BALANCE DATE

No matters have arisen since the end of the half year that impact or are likely to impact the results of the Group in subsequent financial periods.

ORA BANDA MINING LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with a resolution of the Directors of Ora Banda Mining Limited, we declare that:

In the opinion of the Directors:

1. The financial statements and notes of the Group are in accordance with the Corporations Act 2001 (Cth), including:
 - a) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the six-month period ended on that date; and
 - b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth); and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Board of Directors



David Quinlivan
Managing Director

Perth, Western Australia
13 March 2020

ORA BANDA MINING LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019



Independent Auditor's Review Report

To the shareholders of Ora Banda Mining Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Ora Banda Mining Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the **Interim Financial Report** of Ora Banda Mining Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2019 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2019
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date
- Notes comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Ora Banda Mining Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

**ORA BANDA MINING LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**



Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Ora Banda Mining Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to be 'R Gambitta'.

R Gambitta
Partner

Perth

13 March 2020