



ORA BANDA MINING LIMITED

ABN 69 100 038 266

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**ORA BANDA MINING LIMITED
CORPORATE DIRECTORY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

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 Park

REGISTERED & PRINCIPAL OFFICE ADDRESS

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SHARE REGISTRY

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AUDITORS

KPMG
235 St Georges Terrace
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 2020**

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 2020.

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 Wheatley (Non-executive Director)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half year were mineral development related to the Davyhurst Gold Project and mineral exploration and evaluation.

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.

GROUP FINANCIAL OVERVIEW

Financial Review

The Group recorded a net loss of \$8.78 million for the half-year ended 31 December 2020 (Half-year ended 31 December 2019: \$5.17 million) and incurred \$25.46 million (Year ended 30 June 2020: \$9.64 million) of mine development expenditure.

During the half-year ended 31 December 2020 the Group recorded net cash outflows of \$31.61 million in operating and investing activities, which was funded by existing cash of \$10.58 million at 1 July 2020 and cash inflows of \$57.06 million from the issue of fully paid ordinary shares and the exercise of unlisted options (before costs). The Group's closing cash balance as at 31 December 2020 was \$32.59 million.

In addition, the Group entered into contracts for the provision of supplies and services, including heavy mining equipment, LNG and electricity supply, and other consumables, that convey a right of use. In accordance with accounting standards, these right-of-use assets of \$32.1 million were booked to the balance sheet.

Capital Raising

On 3 July 2020 the Company announced it was launching a \$55 million equity raising in two components being a two-tranche institutional placement to raise \$40 million and an underwritten 1 for 9 accelerated non-renounceable entitlement offer to raise approximately \$15 million.

The raising was undertaken at an issue price of 23 cents per fully paid ordinary share.

In total \$55.09 million was raised before costs with the shares issued in three tranches as follows:

1. 128,832,632 fully paid ordinary shares issued on 15 July 2020;
2. 14,524,973 fully paid ordinary shares issued on 31 July 2020; and
3. 96,143,565 fully paid ordinary shares issued on 15 September 2020.

In addition to the above capital raising, during the half year \$1.98 million was raised via the exercise of 7,666,667 unlisted options with an exercise price of 25.78 cents per option.

**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

**REVIEW OF OPERATIONS
Davyhurst Gold Project**

Exploration

Riverina South

During the half-year the Company completed the Phase 2 resource definition drilling programme totalling 68 reverse circulation (RC) drill holes for 7,338 metres and reduced the drill hole spacing down to a maximum 40m x 25m in two discreet areas at Riverina South (immediately south of the proposed Riverina open pit) and around the old workings associated with the British Lion prospect (Figure 1).

The results from the drilling programme were included in resource estimation work that resulted in the Riverina South maiden resource estimate of 43,000 Au ounces which was announced on 5 October 2020. The Riverina South Project includes both the Riverina South Extension and the British Lion prospects and is located immediately to the south of the Company's planned Riverina Open Pit which is a key part of the Company's larger Davyhurst Gold Project ("Project").

The maiden Mineral Resource for the Riverina South Project is 650,000 tonnes @ 2.1g/t for 43,000 ounces and includes both an open pit component (includes material constrained within A\$2,400 optimised pit shells with a grade greater than 0.5 g/t Au) and an underground component (includes material that is outside the A\$2,400 pit shells with a grade greater than 2.0 g/t Au).

The Company's Mineral Resource statement now stands at 24.3Mt @ 2.8g/t for 2,170,000 ounces of contained gold.

Riverina South Phase 3 resource definition drilling commenced in December with 1,572m (28 holes) completed of the planned 10,162 metres (140 hole) programme during the half year. This programme is focussed within the area of the A\$2,400 pit optimisation with the aim to increase the confidence of the resource to indicated and measured categories and produce an ore reserve in a timely fashion that would utilise the mining fleet currently in operation at the main Riverina deposit.

Development

Processing Plant Refurbishment

GR Engineering Services was awarded an engineering, procurement and construction contract associated with the restart of the existing Davyhurst Gold Processing Plant. The scope of work includes the refurbishment, optimisation and recommissioning of the existing 1.2 Mtpa Davyhurst Gold Processing Plant, borefields and associated infrastructure. The remedial works programme has been executed on budget and to a high standard. Figure 2 displays an image of the plant during remedial works.

Dry commissioning of the plant commenced on schedule in December and wet commissioning commenced on schedule in January 2021 with the first parcel of low-grade commissioning ore being fed into the primary crusher on 17 January 2021. On 7 February 2021, the Company completed its first gold pour from the refurbished plant.

**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

REVIEW OF OPERATIONS (continued)

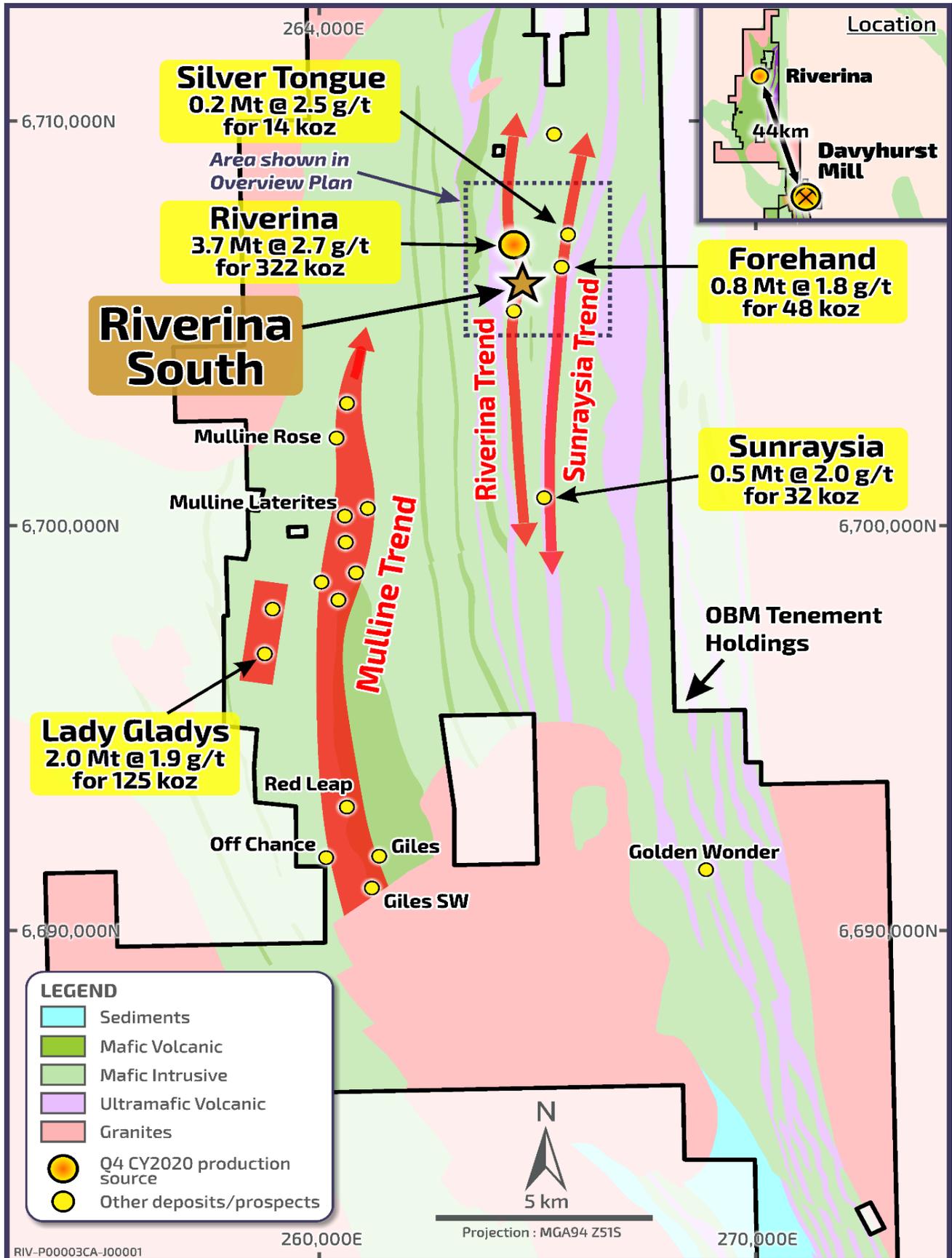


Figure 1 - Riverina Area Location Plan

**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

REVIEW OF OPERATIONS (continued)



Figure 2 Process plant remedial works in progress

Riverina Open Pit Operations

A grade control drilling programme was initiated ahead of the commencement of mining operations in the first three months of the half-year and continued during the half year. A total of 37,035 reverse circulation metres were completed during the half year.

Golden Eagle Underground Operations

Dewatering of the Golden Eagle underground mine commenced during the half year with the initial dewatering programme being conducted via a borehole that had intersected the underground mine workings near the bottom of the mine. Power supply and ventilation were reinstated without issue, allowing dewatering and rehabilitation of the mine workings to be accelerated. All underground work areas and escapeways were in very good condition. Dewatering of the Golden Eagle underground mine was completed on 16 January. Refer Figure 3 for an example of some of the work conducted.



Figure 3 Emergency escape ways reinstated

**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

REVIEW OF OPERATIONS (continued)

Infrastructure & Services

Power Station

During the half year, installation of the new power station and liquified natural gas (LNG) facility was completed. The total installed capacity is 9.5 MW. The new power station was pre-commissioned in December 2020 in preparation for dry commissioning of the Davyhurst processing plant, followed by the wet commissioning and recommencement of processing operations in January 2021 – see Figure 4.



Figure 4: New Power Station with LNG facility in background pre-commissioned

Village Infrastructure

The 172 room Davyhurst Village was upgraded and became fully operational during the half-year. Construction of the 64 room Riverina Camp commenced in October 2020 and was well advanced by the end of the half year, including completion of all accommodation units; kitchen, wet and dry messes; gymnasium; first aid room; communications tower; sewage and wastewater treatment system. Subsequent to end of the half-year the Riverina Camp became fully operational and received its first occupants during February.

Mining

Mining operations commenced at Davyhurst during the half-year in order to build stocks ahead of the planned process plant start in January 2021. A summary of mine production for the half year at Davyhurst is set out in the table below. There was only open pit mining during the half year.

Davyhurst Gold Operation – Mining	Units	HY
Open Pit		
Ore Mined	t	93,039
Grade	g/t	1.33
Contained gold	oz	3,987

**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

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

Subsequent to the end of the half-year the Davyhurst gold processing plant together with its associated site infrastructure was successfully recommissioned, with the first gold bar poured on 7 February 2021.

On 12 February 2021, the Company announced it had received a credit-approved offer from the Commonwealth Bank of Australia for a \$15 million Working Capital and Hedging facility.

The offer has two components:

- \$5 million for the purchase of put options; and
- \$10 million for development expenditure and general working capital.

Maturity date is the earlier of 12 months from financial close or 28 February 2022, with repayment via a bullet payment.

A minimum hedge requirement of 20% of forecast gold production for an 11-month period applies where the working capital facility is drawn down.

On 15 February 2021, the Company announced the appointment of Peter Nicholson as its Chief Executive Officer. The appointment will take effect from 2 April 2021.

No matters others than those described above 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 2020**

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
12 March 2021

**ORA BANDA MINING LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**



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 2020 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

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

R Gambitta
Partner

Perth

12 March 2021

ORA BANDA MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Notes	31 Dec 2020 \$'000	31 Dec 2019 \$'000
		<u> </u>	<u> </u>
Revenue from contract with customers – Gold sales		-	-
Cost of sales		-	-
Gross loss		<u>-</u>	<u>-</u>
Other income/(expenses)		(13)	139
General and administration expenses	6a	(3,357)	(3,168)
Exploration and evaluation expenses		(2,292)	(1,212)
Other operating expenses	6b	<u>(3,074)</u>	<u>(949)</u>
Operating loss		<u>(8,736)</u>	<u>(5,190)</u>
Finance income		77	145
Finance costs		(122)	(122)
Loss before tax		<u>(8,781)</u>	<u>(5,167)</u>
Income tax expense		-	-
Loss for the period		<u>(8,781)</u>	<u>(5,167)</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the period		<u><u>(8,781)</u></u>	<u><u>(5,167)</u></u>
Total comprehensive loss attributable to:			
Equity holders of the parent		<u>(8,781)</u>	<u>(5,167)</u>
Loss per share attributable to the ordinary equity holders of the parent:			
Basic and diluted loss per share (cents)		<u>(1.12)</u>	<u>(0.97)</u>

The accompanying notes form part of these financial statements.

ORA BANDA MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current assets			
Cash and cash equivalents		32,591	10,577
Receivables and other assets	7	3,609	1,408
Inventories		351	55
Total current assets		36,551	12,040
Non-current assets			
Receivables and other assets	7	3,084	30
Exploration, evaluation and development expenditure	8	71,152	45,930
Property, plant and equipment		13,433	13,469
Right-of-use assets	9	31,025	381
Total non-current assets		118,694	59,810
Total assets		155,245	71,850
Current liabilities			
Trade and other payables	10	9,992	3,880
Lease liabilities	11	8,463	210
Provisions	12	529	301
Total current liabilities		18,984	4,391
Non-current liabilities			
Trade and other payables	10	100	100
Lease liabilities	11	21,829	182
Provisions	12	19,429	19,146
Total non-current liabilities		41,358	19,428
Total liabilities		60,342	23,819
Net assets		94,903	48,031
EQUITY			
Share capital	13	423,734	368,194
Reserves		2,216	2,103
Accumulated losses		(331,047)	(322,266)
Total equity		94,903	48,031

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 2020

	Notes	Share capital \$'000	Accumulated losses \$'000	Share based payments reserve \$'000	Fair value reserve \$'000	Total \$'000
Balance as at 1 July 2020		368,194	(322,266)	2,103	-	48,031
Loss for the period		-	(8,781)	-	-	(8,781)
Total comprehensive loss for the period		-	(8,781)	-	-	(8,781)
Issue of ordinary shares (net of costs)	13	52,560	-	-	-	52,560
Exercise of options	13	1,976	-	-	-	1,976
Share based payments	14	1,004	-	113	-	1,117
Balance as at 31 December 2020		423,734	(331,047)	2,216	-	94,903
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)	13	17,672	-	-	-	17,672
Share based payments	14	-	-	959	-	959
Transfer from fair value reserve		-	751	-	(751)	-
Balance as at 31 December 2019		368,191	(332,597)	13,238	-	48,832

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 2020

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Cash flows from operating activities		
Other receipts	32	124
Payments to suppliers and employees	(6,022)	(5,192)
Interest paid on leased assets	(85)	-
Net cash flows used in operating activities	(6,075)	(5,068)
Cash flows from investing activities		
Payments for capitalised exploration and development expenditure	(21,472)	-
Proceeds from sale of plant and equipment	6	36
Payments for property, plant and equipment	-	(3,960)
Payments for security deposits	(4,146)	-
Interest received	77	121
Net cash flows used in investing activities	(25,535)	(3,803)
Cash flows from financing activities		
Proceeds from the issue of shares	55,085	18,500
Payments for costs of raising capital	(2,525)	(828)
Proceeds from the exercise of options	1,976	-
Repayment of lease liabilities	(912)	(78)
Net cash flows from financing activities	53,624	17,594
Net increase in cash and cash equivalents held	22,014	8,723
Cash and cash equivalents at the beginning of the financial period	10,577	14,142
Cash and cash equivalents at the end of the financial period	32,591	22,865

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 2020 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.

These interim financial statements were authorised for issue by the Company's board of directors on 12 March 2021.

2. BASIS OF PREPARATION

Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *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 2020. 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.

Basis of preparation

The condensed consolidated half-year financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated. Where necessary comparatives have been adjusted to ensure consistent presentation.

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 management 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 those described below:

Leases

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and considered certain contract and entity-specific judgements and estimates (such as the lease term and credit rating). The IBR range used by the Group was between 3.07% and 6.00%.

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

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 2020 annual financial statements.

There are new standards/amendments effective from 1 July 2020 for the 2021 financial year. They are not expected to have a material effect on the Group's financial statements.

5. SEGMENT INFORMATION

For the half-year ended 31 December 2020 the Group's focus has been on the restart of mining and processing operations at the Davyhurst gold project, and the exploration, evaluation and development of its interests in mineral tenement licences.

The Group operates in one operating segment, being Australia.

6. (a) GENERAL AND ADMINISTRATION EXPENSES

	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Employee benefit expenses	941	1,178
Share based payments	1,116	959
Administration and corporate costs	1,118	1,090
Depreciation and amortisation charges	182	87
Doubtful debts provision movements	-	(146)
	3,357	3,168

6. (b) OTHER OPERATING EXPENSES

	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Site contractors and consultants	1,651	167
Travel costs	637	98
Other	786	684
	3,074	949

7. RECEIVABLES AND OTHER ASSETS

	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Current		
GST receivables	1,111	239
Prepayments	1,398	1,164
Other receivables	1,949	1,981
Security deposits	1,092	-
	5,550	3,384
Less Provision for doubtful debts	(1,941)	(1,976)
	3,609	1,408
Non-current		
Security deposits	3,084	30
	3,084	30

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

8. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Exploration and evaluation phase		
Costs brought forward	1,972	-
Acquisitions during the period	-	1,972
Transferred to development phase ¹	(1,972)	-
Balance at period end	-	1,972
Development phase		
Costs brought forward	43,958	25,035
Transferred from exploration phase ¹	1,972	
Expenditure during the period ²	25,460	9,642
Impairment reversal	-	7,311
Rehabilitation provision adjustment	(238)	2,222
Transferred to property, plant & equipment	-	(252)
Balance at period end	71,152	43,958
Total exploration, evaluation and development expenditure	71,152	45,930

1. Relates to exploration assets previously acquired which entered the development phase during the half-year.
2. Includes all costs incurred to prepare the Group's site operations for gold production including assets under construction and pre-production mining costs.

9. RIGHT-OF-USE ASSETS

	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Cost		
Opening balance	603	132
Acquisitions during the period	32,103	471
Balance at period end	32,706	603
Accumulated depreciation		
Opening balance	222	-
Depreciation expense for the period	1,459	222
Balance at period end	1,681	222
Carrying amount	31,025	381

During the half-year, several assets were acquired as part of the recommencement of operations. At 31 December 2020 right-of-use assets consisted of mining services assets; power generation assets and corporate assets.

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

10. TRADE AND OTHER PAYABLES

	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Current		
Trade payables	1,461	2,482
Accruals	7,612	1,068
Other payables	919	330
	9,992	3,880
Non-current		
Other payables	100	100
	100	100

11. LEASE LIABILITIES

	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Current	8,463	210
Non-current	21,829	182
	30,292	392

As at 31 December 2020, the Group held various assets under leases expiring within two to five years. The interest rates are fixed and payable over a period of the lease term from inception of the lease.

Commitments in relation to leases are payable as follows:

Maturity analysis

Within one year	9,257
Later than one year but not later than five years	22,781
Minimum lease payments	32,038
Future finance charges	(1,746)
Total lease liabilities	30,292

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

During the six months ended 31 December 2020, the Group recognised \$0.12 million as lease liability interest expenses in the statement of profit and loss (Half year to 31 December 2019: \$0.01 million).

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

12. PROVISIONS

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current		
Provision for other employee entitlements	50	-
Provision for annual leave	479	301
	529	301
Non-current		
Provision for long service leave	83	69
Provision for restoration	546	-
Provision for mine rehabilitation ¹	18,800	19,077
	19,429	19,146

1. An accretion expense of \$38,993, representing the unwinding of the discount on the rehabilitation provision, was recognised in profit or loss during the six months ended 31 December 2020. The rehabilitation provision was re-assessed at 31 December 2020 resulting in a decrease of \$277,373. The inputs applied in the estimation of the provision are outlined in the Group's 30 June 2020 financial statements.

13. SHARE CAPITAL

	31 Dec 2020 Number	31 Dec 2020 \$'000	30 June 2020 Number	30 June 2020 \$'000
Issued and paid-up capital	842,221,955	423,734	590,284,962	368,194

(a) Movements in share capital

	Number	\$'000
Balance as at 1 July 2019	485,719,962	350,519
Shares issued under Placement	100,000,000	18,500
Shares issued on exercise of options	4,565,000	-
Cost of capital raising	-	(825)
Balance as at 30 June 2020	590,284,962	368,194
Shares issued under Placement ¹	239,501,170	55,085
Shares issued on exercise of options ²	7,666,667	1,976
Shares issued on vesting of incentive options ³	3,136,725	514
Shares issued in relation to employee and director incentives ⁴	1,632,431	490
Cost of capital raising	-	(2,525)
Balance as at 31 December 2020	842,221,955	423,734

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

13. SHARE CAPITAL (Continued)

1. On 3 July 2020, the Company announced it was launching a \$55 million equity raising (before costs) comprising an institutional placement of approximately \$40 million and a 1 for 9 accelerated non-renounceable entitlement offer to raise approximately \$15 million with all shares to be issued for \$0.23.
The institutional placement and associated entitlement offer settled in two tranches with 128,832,632 fully paid ordinary shares being issued on 15 July 2020 to raise \$29.6m followed by 96,143,565 fully paid ordinary shares being issued on 15 September 2020 and raising \$22.1 million.
The successful completion of the retail component of the entitlement offer was announced on 29 July 2020 and 14,524,973 fully paid ordinary shares were issued on 31 July 2020 raising \$3.3 million.
2. 7,666,667 fully paid ordinary shares were issued as a result of the exercise of unlisted options at an exercise price of \$0.26 per option.
3. 3,136,725 fully paid ordinary shares were issued as a result of the exercise of unlisted vested remuneration, incentive and performance options at a nil exercise price.
4. 1,632,431 fully paid ordinary shares were issued as part of remuneration incentives to an employee and director of the Company. Refer to note 14.

No dividends were declared by the Company (Half-year ended 31 December 2019: Nil).

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

14. SHARE-BASED PAYMENTS

During the half-year ended 31 December 2020, a share-based payment expense of \$1.12 million (31 December 2019: \$0.96 million) was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

A total of 10,636,449 unlisted options were granted during the half-year ended 31 December 2020.

Of the issued options, 7,087,713 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 (633,681 options) and 1 July 2020 to 30 June 2023 (6,454,032 options). 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	ASX Comparator Group
Below 50th percentile	-%	BC8; BDC; BGL; DCN; GOR; MML; PNR; PRU; RMS; RSG; SBM; SLR; TRY; WGX; WMX
50th to 75th percentile	50% to 100% on a straight-line pro rata	
75th percentile	100%	

Of the issued options, 354,874 are subject to a vesting condition based on Total Shareholder Return ("TSR"), of the Company over the performance period 1 July 2020 to 30 June 2021. The fair value of the TSR 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 TSR as at 30 June 2021	Percentage of Options Eligible to Vest
TSR <0%	-%
0% ≤ TSR <5%	10%
5% ≤ TSR <10%	25%
10% ≤ TSR <15%	50%
15% ≤ TSR <20%	75%
TSR >20%	100%

The remaining 3,193,862 options are subject to a vesting condition based on the achievement of the Company's performance metrics ("Other") over the performance period 1 July 2020 to 30 June 2021. 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	Number of Options Eligible to Vest
Ora Banda Corporate, Financial & Operational Goals	1,419,494
Ora Banda Management Response	1,774,368

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

14. SHARE BASED PAYMENTS (continued)

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

Option Class	RTSR (1)	RTSR (2)	RTSR (3)	TSR (1)	TSR (2)	Other (1)	Other (2)
Underlying security share price at grant date	\$0.295	\$0.295	\$0.300	\$0.295	\$0.300	\$0.295	\$0.300
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grant date	02/11/2020	02/11/2020	27/11/2020	02/11/2020	27/11/20	02/11/2020	27/11/2020
Vesting date	30/06/2022	30/06/2023	30/06/2023	30/06/2021	30/06/2021	30/06/2021	30/06/2021
Expiry date	30/06/2024	30/06/2028	30/06/2028	30/06/2026	30/06/2026	30/06/2026	30/06/2026
Risk-free rate	0.11%	0.13%	0.09%	0.11%	0.03%	0.11%	0.03%
Volatility	80%	80%	100%	80%	100%	80%	100%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Number of options issued	633,681	4,996,589	1,457,443	245,565	109,308	2,210,089	983,774
Valuation per option	\$0.154	\$0.229	\$0.2611	\$0.192	\$0.2062	\$0.295	\$0.30
Fair value per option class	\$97,587	\$1,144,219	\$380,538	\$47,148	\$22,539	\$651,976	\$295,132

During the half year 218,239 fully paid ordinary shares were issued to an employee as part of the Company's employee incentive scheme. \$0.06 million was expensed in relation to these shares.

At the Company's annual general meeting held on 27 November 2020 shareholders approved the issue of 1,414,192 FY20 STI fully paid ordinary shares to the Company's Managing Director, David Quinlivan. This represented 86.1% of the maximum STI opportunity (equity) component of Mr Quinlivan's remuneration package. \$0.42 million was expensed during the half year in relation to the shares. The shares were issued on 14 December 2020.

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

15. CONTINGENT LIABILITIES

The Directors are of the opinion that the recognition of a provision is not required in respect of the following matters as it not probable that a future sacrifice of economic benefits will be required, or the amount is not capable of reliable measurement.

Bank Guarantees

The Group has negotiated a number of bank guarantees in favour of various service providers. The total nominal amount of these guarantees at the reporting date is \$2.58 million (30 June 2020: \$0.03 million). The increase is as a result of contracts entered into as part of the restart of operations project.

Legal Proceedings

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.

16. EVENTS AFTER BALANCE DATE

Subsequent to the end of the half-year the Davyhurst gold processing plant together with its associated site infrastructure was successfully recommissioned with the pouring of the first gold bar on 7 February 2021.

On 12 February 2021, the Company announced it had received a credit approved offer from the Commonwealth Bank of Australia for a \$15 million Working Capital and Hedging facility.

The offer has two components:

- \$5 million for the purchase of put options; and
- \$10 million for development expenditure and general working capital.

Maturity date is the earlier of 12 months from financial close or 28 February 2022, with repayment via a bullet payment.

A minimum hedge requirement of 20% of forecast gold production for an 11-month period applies where the working capital facility is drawn down.

On 15 February 2021, the Company announced the appointment of Peter Nicholson as its Chief Executive Officer. The appointment will take effect from 2 April 2021.

No matters others than those described above 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
DIRECTORS' DECLARATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

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

In the opinion of the Directors:

1. the interim financial statements and notes of the Company and its subsidiaries (collectively 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 2020 and of its performance for the half-year ended on that date; and
 - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* 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
12 March 2021

**ORA BANDA MINING LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**



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 does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 31 December 2020 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 2020.
- 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 1 to 16 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The **Group** comprises Ora Banda Mining Limited and the entities it controlled at the Interim Period end or from time to time during the Half year.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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**ORA BANDA MINING LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**



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

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for Half year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

KPMG.

KPMG

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

R Gambitta
Partner

Perth

12 March 2021