



ORA BANDA MINING LIMITED

ABN 69 100 038 266

**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

**ORA BANDA MINING LIMITED
CORPORATE DIRECTORY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

DIRECTORS

Peter Mansell (Non-executive Chairman)
Luke Creagh (Managing Director)
Alan Rule (Non-executive Director)

COMPANY SECRETARY

Gareth Jones
Susan Park

REGISTERED & PRINCIPAL OFFICE ADDRESS

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AUDITOR

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 2022

The Directors submit the condensed consolidated interim financial report of Ora Banda Mining Limited (**Company**) and its subsidiaries (**Group**) for the half-year ended 31 December 2022 (**Half-Year**).

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)	
Luke Creagh (Managing Director)	– Appointed 28 September 2022
David Quinlivan (Non-executive Director)	– Resigned 28 September 2022
Keith Jones (Non-executive Director)	– Resigned 30 September 2022
Mark Wheatley (Non-executive Director)	– Resigned 28 September 2022
Alan Rule (Non-executive Director)	– Appointed 30 September 2022

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half year were mine operations and the sale of gold, mine development and exploration, in Western Australia.

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 \$21.24 million for the Half-Year (31 December 2021: \$6.61 million net profit).

Revenue for the period totalled \$65.59 million (Half-year ended 31 December 2021: \$79.6 million) from the sale of 25,432 ounces of gold at an average price of \$2,576 and 4,336 ounces of silver at an average price of \$30.89. Cash operating costs, or C1 costs, were \$2,191/oz and all-in sustaining costs (AISC) were \$2,950/oz.

During the half-year ended 31 December 2022, the Group recorded net cash outflows of \$13.12 million (31 December 2021: \$3.7 million) from operating and investing activities, which was funded by existing cash of \$27.76 million at 1 July 2022 and proceeds from borrowings. The Group's closing cash balance at 31 December 2022 was \$22.21 million.

Funding Package

On 21 December 2022, the Company announced it had secured \$12.74 million in funding from its largest shareholder, Hawke's Point Holdings LP (**Hawke's Point**). The proceeds are to fund resource development and exploration at Riverina, capital expenditure and working capital.

The funding comprises an \$11 million unsecured loan and net smelter return (**NSR**) royalty in which certain wholly owned subsidiaries are to pay a royalty on gold doré or bullion produced and sold from the Company's existing mining tenements on and from 31 December 2023 in return for \$1.74 million. The royalty is payable at 0.9% NSR and is capped at a total of 900,000 ounces of gold over 15 years.

Refer to Notes 16 and 18 in the financial report for further details.

**ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

REVIEW OF OPERATIONS

Davyhurst Gold Project

Mining

Ore was mined from the Missouri open pit mine during the Half-Year.

Total material moved was 1.71 BCM and 401,567 ore tonnes at 1.7 g/t for 21,473 contained ounces.

Ore tonnages and grades are expected to progressively increase in the second half of the financial year as waste stripping reduces.

Processing

Ore milled totalled 554,752 tonnes at a blended grade of 1.4 g/t Au for 25,680 contained ounces. Recoveries were 92% resulting in 23,523 ounces being produced in the Half-Year.

Numerous improvements were made during the Half-Year in the processing plant to improve performance including:

- Screen optimisation to reduce scats by 97% from June 2022 to December 2022;
- Increased automation to key sensors to optimise reagent use and help stabilise the circuit;
- Crushing studies progressed to improve overall circuit performance and remove as a key bottleneck;
- Tailing storage was set up for long term in-pit tailings storage, giving storage capacity for five years; and
- Continued training and standardisation of systems to improve operating consistency and stability.

The following table provides mining, production and sales statistics by quarter:

Davyhurst Gold Project		Quarter		
Operations Summary	Units	Sep-22	Dec-22	FY23 YTD
OPEN PIT				
Missouri				
Material Moved	BCM	754,369	955,872	1,710,241
Ore Mined	Tonnes	168,370	233,197	401,567
Mined Grade	g/t Au	1.7	1.6	1.7
Ounces Mined	oz	9,211	12,262	21,473
TOTAL MINING				
Ore Mined	Tonnes	168,370	233,197	401,567
Mined Grade	g/t	1.7	1.6	1.7
Ounces Mined	oz	9,211	12,262	21,473
PROCESSING				
Milled Tonnes	Tonnes	262,778	291,974	554,752
Head Grade	g/t Au	1.5	1.4	1.4
Recovery	%	92%	92%	92%
Gold Recovered	oz	11,720	11,803	23,523
Gold Sold	oz	13,661	11,771	25,432
Average Price	A\$/oz	2,525	2,634	2,576
Revenue - Gold Sales	A\$M	34.5	31.0	65.5

ORA BANDA MINING LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

REVIEW OF OPERATIONS (Continued)

Exploration

The Company's 3-year strategy of Geology First and commitment to target high-grade underground ore (announced to ASX on 1 August 2022), demonstrated immediate results at its Riverina mine, with high-grade Main Lode mineralisation extended at depth as well as discovering a high-grade extension of the Murchison Lode at depth.

On 7 December 2022 the Company announced the results from Phase 1 drilling which continue to expand and enhance the Riverina system's potential for underground mining. Key takeaways from drilling results were:

- High-grade Main Lode & Murchison Lode extended south and at depth;
- Additional parallel system known as Reggies Lode was identified to the east;
- Results drive an expanded drill programme to accelerate a mining decision;
- Drilling has significantly extended Riverina's high-grade mineralisation more than 100m to the south and 100m vertically. The deposit remains open in all directions;
- Exciting results to date have doubled the depth of known mineralisation from 240m to 480m;
- Deepest hole drilled to date has intersected visible gold returning 1.0m @ 14.6g/t (Main Lode East) and 1.4m @ 14.2g/t (Main Lode West) at 480 vertical metres below surface. The exploration window and plunge continuity at depth remains untested by drilling; and
- Deepest hole drilled to date on the Murchison Lode has intersected visible gold returning 0.7m @ 26.1g/t at a depth of 410 vertical metres, further enhancing the exploration window at depth and along plunge.

DIVIDENDS

No amounts were paid or declared by way of dividends 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.

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.

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



Luke Creagh
Managing Director

Perth, Western Australia
16 March 2023



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 2022 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

R Gambitta

Partner

Perth

16 March 2023

ORA BANDA MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue	6	65,585	79,595
Cost of sales	7	(74,037)	(72,105)
Gross (loss)/profit		(8,452)	7,490
Other income	13	1,986	80
General and administration expenses	8a	(6,636)	(5,896)
Exploration and evaluation expenses		(3,126)	(3,338)
Other operating expenses	8b	(4,493)	(3,693)
Operating loss		(20,721)	(5,357)
Gain on sale of subsidiary	9	-	12,448
Finance income		140	9
Finance costs		(657)	(487)
Profit/(loss) before tax		(21,238)	6,613
Income tax expense		-	-
Profit/(loss) for the period		(21,238)	6,613
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		-	-
Total comprehensive income/(loss) for the period		(21,238)	6,613
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		(21,238)	6,613
Earnings/(loss) per share attributable to the ordinary equity holders of the parent:			
Basic earnings/(loss) per share (cents)		(1.54)	0.68
Diluted earnings/(loss) per share (cents)		(1.54)	0.67

The accompanying notes form part of these financial statements.

ORA BANDA MINING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current assets			
Cash and cash equivalents		22,211	27,755
Receivables and other assets		1,715	1,236
Inventories	10	13,293	16,164
Prepayments		1,736	887
Total current assets		38,955	46,042
Non-current assets			
Receivables and other assets		2,616	2,616
Exploration, evaluation and development	11	22,555	21,162
Property, plant and equipment	12	17,688	18,142
Right-of-use assets	13	7,530	12,417
Investments		363	363
Total non-current assets		50,752	54,700
Total assets		89,707	100,742
Current liabilities			
Trade and other payables	14	24,104	19,537
Lease liabilities		8,530	13,547
Provisions	15	1,876	1,523
Borrowings	16	10,149	-
Total current liabilities		44,659	34,607
Non-current liabilities			
Trade and other payables		-	50
Lease liabilities		6,462	10,793
Provisions	15	20,650	20,457
Total non-current liabilities		27,112	31,300
Total liabilities		71,771	65,907
Net assets		17,936	34,835
EQUITY			
Share capital		463,778	463,299
Reserves		3,664	2,749
Other contributed equity	16	2,591	-
Accumulated losses		(452,097)	(431,213)
Total equity		17,936	34,835

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 2022

	Notes	Share capital	Accumulated losses	Other contributed equity	Share based payments reserve	Fair value of investments in listed equities reserve	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2021		443,696	(344,550)	-	2,871	-	102,017
Profit for the period		-	6,613	-	-	-	6,613
Total comprehensive income for the period		-	6,613	-	-	-	6,613
Issue of ordinary shares (net of costs)		796	-	-	-	-	796
Exercise of options and performance rights		92	-	-	(92)	-	-
Share based payments		-	-	-	773	-	773
Transfer of expired options		-	1,274	-	(1,274)	-	-
Balance as at 31 December 2021		444,584	(336,663)	-	2,278	-	110,199
Balance as at 1 July 2022		463,299	(431,213)	-	2,795	(46)	34,835
Loss for the period		-	(21,238)	-	-	-	(21,238)
Total comprehensive loss for the period		-	(21,238)	-	-	-	(21,238)
Contribution from related party	16	-	-	2,591	-	-	2,591
Transfer of expired options		-	354	-	(354)	-	-
Exercise of options and performance rights		479	-	-	(479)	-	-
Share based payments	17	-	-	-	1,748	-	1,748
Balance as at 31 December 2022		463,778	(452,097)	2,591	3,710	(46)	17,936

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 2022

	Notes	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities			
Receipts from customers		65,640	75,804
Other receipts		113	59
Payments to suppliers and employees		(71,226)	(64,106)
Interest paid on leased assets		(325)	(480)
Net cash flows (used in)/from operating activities		(5,798)	11,277
Cash flows from investing activities			
Payments for mine development expenditure	11	(4,943)	(19,679)
Payments for property plant and equipment		(2,376)	(6,820)
Proceeds from sale of subsidiary		-	11,041
Proceeds from repayment of security deposits		-	470
Interest received		-	9
Net cash flows (used in) investing activities		(7,319)	(14,979)
Cash flows from financing activities			
Proceeds from the issue of shares		-	845
Proceeds from borrowings	16	12,740	-
Payments for costs of raising capital		-	(49)
Repayment of lease liabilities		(5,167)	(6,293)
Net cash flows from/(used in) financing activities		7,573	(5,497)
Net decrease in cash and cash equivalents held		(5,544)	(9,199)
Cash and cash equivalents at the beginning of the financial period		27,755	24,220
Cash and cash equivalents at the end of the financial period		22,211	15,021

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 (**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) for the six months ended 31 December 2022 for 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 16 March 2023.

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 for the year ended 30 June 2022. 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.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2022.

Going concern

The condensed consolidated Half-Year financial statements have been prepared on a going concern basis, which presumes the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business.

At 31 December 2022 the Group had cash of \$22.21 million and a net working capital shortfall of \$5.70 million. It incurred a loss after tax of \$21.24 million for the Half-Year, which includes an inventory write down of \$7.58 million. Net cash outflows from operating and investing activities were \$13.12 million.

On 16 March 2023, the Company announced the conditional sale of the non-core Lady Ida tenements for \$10 million (see note 19 for details).

The Company has recently made announcements about the potential underground mine at Riverina, including drilling results, the mineral resource update and the maiden reserve and that the Company intends to move toward a Final Investment Decision ("**FID**") for Riverina. The investment case for the FID for Riverina will be presented to the Ora Banda Board for approval shortly. The Company expects that it will be able to fund the development cost of Riverina via a combination of raising equity, debt, and existing cash on hand. The Board will not commit to developing the Riverina underground mine if it is not able to secure the required funding.

Cashflow forecasts have been prepared for the next 12 months to support the assessment of going concern, which anticipates that the Group will be able to pay its debts as and when they fall due during the period. Noting the inherent risks associated with achieving the cashflow forecast, key assumptions in the cashflow forecast include:

- achieving planned gold production (volume, grade and recoveries) at forecast costs of production from open pit and underground mining operations;
- realisation of forecast gold revenues from planned gold production at anticipated pricing;

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

- completion of the sale of the Lady Ida tenements and receipt of the \$10 million sale proceeds in full which is subject to satisfaction of certain conditions precedent including the consent of Hawke's Point (see note 19 for details);
- the expectation of extending the maturity date for the repayment of the \$11 million unsecured loan from Hawke's Point that is due for repayment on 31 December 2023; and
- securing funding for the development of the Riverina underground mine if the FID for the development of Riverina is approved by the Board.

The Directors have a reasonable expectation that these assumptions can be satisfied and believe it is appropriate to prepare the Half-Year on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business. In the event that the key assumptions noted above are not achieved, the Directors believe that alternative sources of funding would be available.

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 expenditure. Actual results may differ from these estimates.

The significant estimates and 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.

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 2022 annual financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

5. SEGMENT INFORMATION

For the Half-Year the Group has been undertaking mining and processing operations at the Davyhurst gold project and the exploration, evaluation and development of its interests in mineral tenement licences.

The Group has one operating segment, being gold mining in Western Australia.

6. REVENUE

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Gold sales	65,451	79,477
Silver sales	134	118
	65,585	79,595

No sales were made under hedge arrangements during the half year and the Company has no hedge arrangements for future financial years.

7. COST OF SALES

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Mining & processing costs	51,754	38,755
Amortisation & depreciation charges	4,977	9,079
Employee benefits expense	8,344	9,848
State royalties	1,387	1,782
Inventories write down	7,575	12,641
	74,037	72,105

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

8. (a) GENERAL AND ADMINISTRATION EXPENSES

Employee benefit expenses	1,899	1,892
Share based payments	1,748	772
Administration & corporate costs	2,970	3,139
Depreciation & amortisation charges	19	93
	<u>6,636</u>	<u>5,896</u>

(b) OTHER OPERATING EXPENSES

Site contractors & consultants	2,135	2,125
Employee benefit expenses	1,583	1,108
Other expenses	775	460
	<u>4,493</u>	<u>3,693</u>

9. SALE OF SUBSIDIARY

During the half year ended 31 December 2021, the Group disposed of Mt Ida Gold Pty Ltd for cash consideration of \$11.04 million (31 December 2022: \$nil), including the disposal of the rehabilitation provision of \$2.29 million (31 December 2022: \$nil). The Group recognised a gain on disposal of \$12.45 million (31 December 2022: \$nil).

10. INVENTORIES

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current		
Materials & supplies	4,704	3,070
Ore stockpiles	5,498	5,977
Gold in circuit	3,091	3,052
Bullion on hand	-	4,065
	<u>13,293</u>	<u>16,164</u>

During the Half-Year, ore stockpiles and gold in circuit were reduced by \$7.58 million (2021: \$12.64 million) as a result of a write down to net realisable value. This write down was recognised as an expense in cost of sales.

At 31 December 2022 ore stockpiles and gold in circuit were held at net realisable value (30 June 2022: net realisable value) with all other inventories at cost.

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

11. EXPLORATION, EVALUATION AND DEVELOPMENT

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Development phase		
Balance bought forward	5,690	11,321
Expenditure during the period	4,359	1,015
Disposal of subsidiary	-	(866)
Transferred to production phase	-	(285)
Impairment expense	-	(5,495)
Balance at period end	10,049	5,690
Production phase		
Balance bought forward	15,472	47,217
Transfer from development phase	-	285
Expenditure during the period	585	29,475
Rehabilitation provision adjustment	-	1,333
Amortisation expense	(3,551)	(19,554)
Impairment expense	-	(43,284)
Balance at period end	12,506	15,472
Total	22,555	21,162

12. PROPERTY PLANT AND EQUIPMENT

	Motor Vehicles \$'000	Buildings & Infra- structure \$'000	Plant & Equipment \$'000	Capital WIP \$'000	Total \$'000
Balance 1 July 2021	594	7,456	27,999	814	36,863
Additions	343	56	904	5,587	6,890
Transfers	-	5,894	-	(5,894)	-
Depreciation expense	(156)	(3,710)	(4,717)	-	(8,583)
Impairment expense	(384)	(4,763)	(11,881)	-	(17,028)
Balance 30 June 2022	397	4,933	12,305	507	18,142
Balance 1 July 2022	397	4,933	12,305	507	18,142
Additions	-	-	-	2,369	2,369
Transfers	-	-	206	(206)	-
Depreciation expense	(50)	(1,179)	(1,594)	-	(2,823)
Impairment expense	-	-	-	-	-
Balance 31 December 2022	347	3,754	10,917	2,670	17,688

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

13. RIGHT-OF-USE ASSETS

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Non-current		
Cost		
Opening balance	43,834	33,775
Disposals	(2,343)	(471)
Additions	-	10,530
Closing balance	41,491	43,834
Accumulated depreciation & impairment		
Opening balance	31,417	6,320
Disposal	-	(471)
Depreciation charge for the period	2,544	13,578
Impairment charge for the period	-	11,990
Closing balance	33,961	31,417
Carrying amount – Opening balance	12,417	27,455
Carrying amount – Closing balance	7,530	12,417

The disposal of right-of-use assets resulted in a gain of \$1.97 million (31 December 2021: \$nil), which has been reported in Other income in the Statement of Profit or Loss and Other Comprehensive Income.

14. TRADE AND OTHER PAYABLES

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current		
Trade payables	12,184	10,325
Accruals	9,513	7,289
Other payables	2,407	1,923
	24,104	19,537
Non-current		
Other payables	-	50
	-	50

15. PROVISIONS

Current		
Provision for annual leave	1,693	1,330
Provision for long service leave	93	103
Rehabilitation	90	90
	1,876	1,523
Non-current		
Provision for restoration	648	786
Provision for mine rehabilitation	20,002	19,671
	20,650	20,457

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

16. BORROWINGS

Accounting Policy

The Company's borrowings are represented by funding received from Hawke's Point, a related party and majority shareholder of the Company. The borrowings are financial liabilities, initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Therefore, the difference arising between fair value and proceeds on initial recognition is recorded directly in the Statement of Changes in Equity as Other Contributed Equity.

Borrowings from Related Party

On 23 December 2022, the Company received proceeds of \$12,740,000 consisting of:

- Unconditional and unsecured loan for \$11,000,000 maturing on 31 December 2023 with an interest rate of 10% per annum paid quarterly (**Loan**); and
- Capped net smelter return royalty with respect to certain gold products to the shareholder in return for \$1,740,000 (**Royalty**). The Royalty is payable at 0.9% NSR and capped at 900,000 ounces of gold produced commencing from 31 December 2023. Refer to Note 18 for further details.

For the purposes of measuring the transaction, the Company has combined the Loan and Royalty funds as borrowings.

Under its accounting policy, the borrowings have been recorded as a financial liability at fair value. The Company determined fair value by estimating a market rate of interest and discounting the contractual future cash payments of principal and interest. The Company has adopted a market rate of interest of 20% based on an estimate of the rate most likely to be obtained for similar unsecured lending arrangements involving arms-length market participants. The discounted cash flows, representing fair value, were measured at \$10,149,000 on initial recognition.

The difference between the fair value of \$10,149,000 of the borrowings (being the Loan and Royalty) and the book value of the proceeds of \$12,740,000, equalling \$2,591,000, was recorded as Other Contributed Equity in the Statement of Changes in Equity in line with the Company's accounting policy.

17. SHARE BASED PAYMENTS

During the Half-Year, a share-based payment expense of \$1.75 million (31 December 2021: \$0.77 million) was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

A total of 120,000,001 share-based payment instruments were granted during the Half-Year. All issuances were made to the Company's Managing Director. Each tranche of issuance is summarised below:

Tranche	Instruments issued	Fair value per instrument	Summary of performance obligations	Grant date	Vesting date	Expiry date
1	8,571,429	\$0.080	Note i	23 November 2022	30 June 2023	23 November 2027
2	50,000,000	\$0.056	Note ii	23 November 2022	30 June 2025	20 June 2025
3	25,000,000	\$0.063	Note iii	23 November 2022	31 December 2023	23 November 2027
4	25,000,000	\$0.061	Note iv	23 November 2022	30 June 2025	23 November 2027
5	8,000,000	\$0.079	Note v	23 November 2022	30 June 2025	23 November 2027
6	3,428,572	\$0.058	Note vi	23 November 2022	30 June 2025	23 November 2027

Note i: Short-term incentive performance rights. Vesting will occur upon achieving various non-market operational and individual goals, specifically in the areas of sustainability, production targets, cost reduction and individual performance against Group strategies.

Note ii: Limited recourse loan to the recipient used to purchase 50,000,000 shares with an in-substance exercise price of \$0.035.

Note iii: Performance rights that vest if the Company achieves a 20-day VWAP of at least \$0.0525.

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

Note iv: Performance rights that vest if the Company achieves a 20-day VWAP of at least \$0.070.

Note v: Long-term incentive performance rights. Vesting is based upon performance of the Company's share price compared with a selection of peers.

Note vi: Long-term incentive performance rights. Vesting upon compound annual growth rate of the share price exceeding 35% by the end of the vesting period.

For further details to these instruments, see the Company's ASX announcement on 22 October 2022 *Notice of Annual General Meeting/Proxy Form*.

For tranche 1, the fair value of each instrument is equivalent to the Company's share price on the grant date.

For tranche 2, the fair value was estimated at the date of grant using a binomial pricing model taking into account the terms and conditions upon which the rights were granted. In substance, this limited recourse loan is treated as a share option for accounting purposes.

For the tranches 3 to 6, the fair value was estimated as at the date of grant using a Monte-Carlo simulation model taking into account the terms and conditions upon which the rights were granted.

The following key assumptions were estimated on the date of grant:

Key assumption	Tranche number				
	2	3	4	5	6
Expected volatility	80%	80%	80%	80%	80%
Share price	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08
Risk-free rate	3.27%	3.17%	3.27%	3.27%	3.27%
Exercise price	\$0.035	N/A	N/A	N/A	N/A

18. 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 \$2.61 million (30 June 2021: \$2.58 million).

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 complaints. The directors do not believe the complaints have a reasonable prospect of success and the complaints will be vigorously defended by the Group.

NSR Royalty

As described in Note 16, the Company has entered an agreement with Hawke's Point to pay a capped net smelter return royalty with respect to certain gold products (Royalty). The Royalty is payable at 0.9% NSR and capped at 900,000 ounces of pure gold produced during the period 31 December 2023 to 31 December 2037. Where 900,000 ounces of gold have not been produced in the 15-year period, the Company is obligated to pay a royalty from 31 December 2037 and in perpetuity at the 0.9% rate reduced by the proportion of the 900,000 ounces that has been fulfilled.

This arrangement is a contingent liability and, therefore, no liability has been recorded on the Statement of Financial Position specific to a royalty charge under the arrangement until the gold is produced.

ORA BANDA MINING LIMITED
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19. EVENTS AFTER BALANCE DATE

On 16 March 2023, the Company announced that it has entered into an agreement with third parties for the sale of its non-core Lady Ida mining licences plus certain miscellaneous licences for a total consideration of \$10 million. Key matters to note:

- The sale includes mining licences M16/0262, M16/0263 and M16/0264 plus certain miscellaneous licences;
- The Company retains the mineral rights of all non-gold/silver over the sale tenements;
- Completion of the sale would end the long-running litigation of plained tenements (M16/0262, M16/0263 and M16/0264);
- The sale is subject to normal conditions precedent being satisfied and if they are not satisfied, the agreement can be terminated by either party. One of the conditions precedent requires the Company to obtain consent from Hawke's Point for the release of the sale tenements from its existing Royalty; and
- A refundable deposit of \$1.0 million has been received with the balance of \$9.0 million expected to be received in April on satisfaction of the conditions precedent.

**ORA BANDA MINING LIMITED
DIRECTORS' DECLARATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

In the opinion of the Directors:

1. the interim financial statements and notes of the Company and its subsidiaries (collectively the Group) set out on pages 6 to 17 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 2022 and of its performance for the Half-Year ended on that date; and
 - b) complying with Accounting Standards, the *Corporations Regulations 2001* (Cth); and other mandatory professional reporting requirements; 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



Luke Creagh
Managing Director

Perth, Western Australia
16 March 2023



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 2022 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 2022;
- 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 19 comprising a summary of significant accounting policies and other explanatory information; and
- 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.

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 these requirements.



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*; and
- 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.

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 2022 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*.

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

R Gambitta

Partner

Perth

16 March 2023