



# Ora Banda Mining Ltd

ABN 69 100 038 266

## NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

### **Date of Meeting**

Thursday, 8 June 2023

### **Time of Meeting**

10:00am (AWST)

### **Place of Meeting**

Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia

### **A Proxy Form is enclosed or has otherwise been provided to you**

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the General Meeting please complete and return the Proxy Form in accordance with the specified directions.

**Independent Expert Report:** Shareholders should carefully consider the Independent Expert Report prepared by BDO Corporate Finance (WA) Pty Ltd for the purposes of the Shareholder approvals required under Listing Rule 10.1 (see Resolutions 7 and 8). The Independent Expert Report is set out in Annexure B. The Independent Expert has concluded that:

- (a) the Proposed Transaction (the subject of Resolution 7) is fair and reasonable to Shareholders not associated with Hawke's Point; and
- (b) the Royalty Security (the subject of Resolution 8) is fair and reasonable to Shareholders not associated with Hawke's Point.

# Ora Banda Mining Ltd

## ABN 69 100 038 266

### NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Ora Banda Mining Ltd (ABN 69 100 038 266) will be held at the Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Thursday, 8 June 2023 at 10:00am (AWST) for the purpose of transacting the following business referred to in this Notice of General Meeting.

The Company will update Shareholders if changing circumstances will impact the planning or arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at <https://orabandamining.com.au/>.

### AGENDA

#### 1 Resolution 1 – Ratification of issue of Placement Shares to institutional, professional and sophisticated investors under Tranche 1

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 185,088,680 Shares (at an issue price of \$0.1125 each) on 4 April 2023 to institutional, professional and sophisticated investors on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) a person who participated in the issue or is a counterparty to the agreement being approved; or
- (b) an Associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### 2 Resolution 2 – Issue of Placement Shares to Hawke’s Point (substantial Shareholder of the Company) (or its nominee(s))

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 71,111,112 Shares at an issue price of \$0.1125 per Share to Hawke’s Point (or its nominee(s)), a substantial Shareholder of the Company, on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Hawke's Point (or its nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) and/or its nominee(s); or
- (b) an Associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **3 Resolution 3 – Issue of Placement Shares to Mr Luke Creagh (Director) (or his nominee(s))**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 8,888,888 Shares at an issue price of \$0.1125 per Share to Mr Luke Creagh, Director (or his nominee(s)), on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Mr Luke Creagh (or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) and/or his nominee(s); or
- (b) an Associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **4 Resolution 4 – Issue of Placement Shares to Mr Peter Mansell (Director) (or his nominee(s))**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 1,577,988 Shares at an issue price of \$0.1125 per Share to Mr Peter Mansell, Director (or his nominee(s)), on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Mr Peter Mansell (or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) and/or his nominee(s); or
- (b) an Associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 5 Resolution 5 – Issue of Placement Shares to Mr Alan Rule (Director) (or his nominee(s))

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 444,000 Shares at an issue price of \$0.1125 per Share to Mr Alan Rule, Director (or his nominee(s)), on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Mr Alan Rule (or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) and/or his nominee(s); or
- (b) an Associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 6 Resolution 6 – Section 195 approval

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“ That, for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the transactions contemplated in Resolutions 3 to 5 (inclusive).”*

## 7 Resolution 7 – Approval for the Company to undertake the Proposed Transaction

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 10.1 and for all other purposes, approval is given for the Company to undertake the Proposed Transaction, on the terms and conditions set out in the Explanatory Memorandum."*

**Independent Expert's Report:** Shareholders should carefully consider the report prepared by BDO Corporate Finance (WA) Pty Ltd for the purposes of the Shareholder approval required under Listing Rule 10.1 for Resolution 7, as set out in Annexure B. The Independent Expert's Report considers the fairness and reasonableness of the Proposed Transaction the subject of Resolution 7 to the Shareholders in the Company who are not associated with Hawke's Point.

**The Independent Expert has determined that the outcome of Resolution 7, if passed, is fair and reasonable to the Shareholders of the Company not associated with Hawke's Point.**

**Voting exclusion statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Hawke's Point and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an Associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 8 Resolution 8 – Approval for the Company to grant the Royalty Security

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 10.1 and for all other purposes, approval is given for the Company to grant the Royalty Security to Hawke's Point, on the terms and conditions set out in the Explanatory Memorandum."*

**Independent Expert's Report:** Shareholders should carefully consider the report prepared by BDO Corporate Finance (WA) Pty Ltd for the purposes of the Shareholder approval required under Listing Rule 10.1 for Resolution 7, as set out in Annexure B. The Independent Expert's Report considers the fairness and reasonableness of the grant of the Royalty Security the subject of Resolution 8 to the Shareholders in the Company who are not associated with Hawke's Point.

**The Independent Expert has determined that the outcome of Resolution 8, if passed, is fair and reasonable to the Shareholders of the Company not associated with Hawke's Point.**

**Voting exclusion statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Hawke's Point and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity); or

(b) *an Associate of those persons.*

*However, this does not apply to a vote cast in favour of the Resolution by:*

- (a) *a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;*
- (b) *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (i) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
  - (ii) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

## **OTHER BUSINESS**

---

**To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.**

---

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

**By order of the Board**



Ms Susan Park  
Joint Company Secretary

Dated: 5 May 2023

## How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, electronically via the internet or by facsimile.

### Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

### Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

### Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on

the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

- Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. However, in exceptional circumstances, the Chair of the Meeting may change his voting intention, in which case an ASX announcement will be made. These rules are explained in this Notice.

- To be effective, proxies must be received by 10:00am (AWST time) on 6 June 2023. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:

Online	At <a href="http://www.investorvote.com.au">www.investorvote.com.au</a>
By mail	Share Registry – Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne Victoria 3001, Australia
By fax	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
By mobile	Scan the QR Code on your Proxy Form and follow the prompts
Custodian voting	For Intermediary Online subscribers only (custodians) visit <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> to submit your voting instructions.

- The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in

accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10:00am (AWST time) on 6 June 2023. If facsimile transmission is used, the Power of Attorney must be certified.

**Shareholders who are entitled to vote**

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5:00pm (AWST time) on 6 June 2023.



# Ora Banda Mining Ltd

## ABN 69 100 038 266

### EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

#### 1 Background to Resolutions 1 to 5 (inclusive) – Placement

On 27 March 2023, the Company announced that it had received firm commitments to raise up to approximately \$30 million (before costs) via a two-tranche placement of up to a total of 267,110,668 new Shares each at an issue price of \$0.1125 per Share (**Placement Shares**), comprising of:

- (a) 185,088,680 Placement Shares (**Tranche 1 Shares**) issued to institutional, professional and sophisticated investors utilising the Company's existing placement capacity under Listing Rule 7.1 (**Tranche 1**); and
- (b) 82,021,988 Placement Shares (**Tranche 2 Shares**), consisting of:
  - (i) 71,111,112 Placement Shares to be issued to Hawke's Point (or its nominee(s)), subject to Shareholder approval under Resolution 2;
  - (ii) 8,888,888 Placement Shares to be issued to Mr Luke Creagh, Director (or his nominee(s)), subject to Shareholder approval under Resolution 3;
  - (iii) 1,577,988 Placement Shares to be issued to Mr Peter Mansell, Director (or his nominee(s)), subject to Shareholder approval under Resolution 4; and
  - (iv) 444,000 Placement Shares to be issued to Mr Alan Rule, Director (or his nominee(s)), subject to Shareholder approval under Resolution 5,(together, **Tranche 2**).

Tranche 1 and Tranche 2 together comprise the **Placement**.

The funds raised under the Placement will be used to fund the capital cost of the Riverina Underground mine and drilling to progress resource development and exploration activities.

Please refer to the Company's ASX announcement released on 27 March 2023 for further details of the Placement.

#### Tranche 1

The Tranche 1 Shares were issued on 4 April 2023. The issue of the Tranche 1 Shares raised approximately \$20.8 million (before costs). Refer to the Company's Appendix 3B released to ASX on 27 March 2023 for further details of the issue of the Tranche 1 Shares.

Resolution 1 seeks the ratification and approval of shareholders under Listing Rule 7.4 for the prior issue of the Tranche 1 Shares to institutional, professional, and sophisticated investors.

## **Tranche 2**

The Tranche 2 Shares are yet to be issued as their issue requires prior Shareholder approval under Listing Rule 10.11. Resolutions 2 to 5 (inclusive) seek Shareholder approval under Listing Rule 10.11 for the issue of Placement Shares to Hawke's Point and each of the Directors to raise a further approximately \$9.2 million (before costs).

### **2 Resolution 1 – Ratification of issue of Shares to institutional, professional and sophisticated investors under Tranche 1**

On 4 April 2023, the Company issued the Tranche 1 Shares at an issue price of \$0.1125 per Share to institutional, professional, and sophisticated investors to raise approximately \$20.8 million (before costs). Funds raised will be used to fund the capital cost of the Riverina Underground mine and drilling to progress resource development and exploration activities.

Resolution 1 is an ordinary resolution and proposes to ratify the issue of the Tranche 1 Shares to the institutional, professional and sophisticated investors under Tranche 1.

### **Listing Rules 7.1 and 7.4**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Tranche 1 does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date the Company agreed to issue the Tranche 1 Shares.

Listing Rule 7.4 allows the shareholders of a company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and therefore seeks Shareholder approval to ratify the issue of Shares pursuant to the Tranche 1 under and for the purposes of Listing Rule 7.4.

If Resolution 1 is passed, the Tranche 1 Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date the Company agreed to issue the Tranche 1 Shares. In addition, the Tranche 1 Shares will not be included in calculating the Company's 10% capacity in Listing Rule 7.1A, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval under that rule.

If Resolution 1 is not passed, the Tranche 1 Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date the Company agreed to issue the Tranche 1 Shares. In addition, the Tranche 1 Shares will be included in calculating the Company's additional 10% capacity in Listing Rule 7.1A, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval under that rule.

### **Information Requirements – Listing Rule 7.5**

The following information in relation to the Tranche 1 Shares is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) the Tranche 1 Shares were issued to institutional, professional, and sophisticated investors qualifying under section 708 of the Corporations Act, all of whom are unrelated parties of the Company. The placees were selected following a bookbuild process by Euroz Hartleys Limited, who acted sole lead manager and bookrunner to the Placement. In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that, no related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties were issued more than 1% of the issued capital of the Company under Tranche 1, save for Paradise Investment Management Pty Ltd (**Paradice**) (a substantial holder of the Company with a relevant interest in approximately 9.5% of the Company's Shares<sup>1</sup>) who was issued 50,109,456 Placement Shares under Tranche 1;
- (b) 185,088,680 Placement Shares were issued under Tranche 1;
- (c) the Tranche 1 Shares issued were fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (d) the Tranche 1 Shares were issued on 4 April 2023;
- (e) the Tranche 1 Shares at were issued at an issue price of \$0.1125 each;
- (f) the purpose of the issue of the Tranche 1 Shares was to raise approximately \$20.8 million (before costs), which will be used to fund the capital cost of the Riverina Underground mine and drilling to progress resource development and exploration activities; and
- (g) a voting exclusion statement applies to Resolution 1 as set out in the Notice of Meeting.

### **Directors' Recommendation and Intention Statements**

The Directors recommend that Shareholders vote in favour of Resolution 1.

Any undirected proxies held by the Chair will be voted in favour of Resolution 1.

See Shareholder voting intention statements in section 7 of the Explanatory Memorandum.

### **3 Resolution 2 – Issue of Placement Shares to Hawke's Point (substantial Shareholder of the Company) (or its nominee(s))**

As noted in the Company's ASX announcement released on 27 March 2023, Hawke's Point (a substantial Shareholder of the Company) agreed to subscribe, subject to Shareholder approval, for up to approximately \$8 million (before costs) worth of Placement Shares under Tranche 2.

Resolution 2 is an ordinary resolution and seeks Shareholder approval for the issue of 71,111,112 Placement Shares to Hawke's Point (or its nominee(s)) under Listing Rule 10.11.

### **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act does not apply to the proposed issue of Placement Shares to Hawke's Point, given Hawke's Point is not a related party of the Company for the purposes of section 228 of the Corporations Act. Whilst Hawke's Point has a relevant interest in 38.63%<sup>2</sup> of the Company's Shares, the Board does not consider that Hawke's Point 'controls' the Company for the purposes of section 50AA of the Corporations Act and is therefore not a related party.

<sup>1</sup> Based on the most recent notice of change of interests of substantial holder lodged with ASX by Paradise Investment Management Pty Ltd dated 5 April 2023.

<sup>2</sup> Based on the most recent notice of change of interests of substantial holder lodged with ASX by Hawke's Point dated 5 April 2023.

## Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, the Company must not issue or agree to issue equity securities to:

- a related party (Listing Rule 10.11.1);
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company (Listing Rule 10.11.2);
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a Director to the Board pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- a person whose relationship with the Company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its Shareholders.

The proposed issue of Placement Shares to Hawke's Point (or its nominee(s)) pursuant to Tranche 2 falls within Listing Rule 10.11.2, as Hawke's Point is a substantial Shareholder for the purposes of Listing Rule 10.11.2, given it currently holds over 30% of the total issued capital of the Company (with a relevant interest in 38.63% of the Company's Shares<sup>3</sup>), and the proposed issue does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Shareholder approval is not required under Chapter 6 of the Corporations Act for Hawke's Point to participate in Tranche 2, as Hawke's Point will be relying on the 3% "creep" exception in item 9 of section 611 of the Corporations Act to increase its relevant interest in the Company pursuant to Tranche 2, with its relevant interest having been diluted to 38.63% following Tranche 1.

Resolution 2 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes to allow Hawke's Point to participate in Tranche 2 by permitting it or its nominee(s) to be issued up to 71,111,112 Placement Shares. Hawke's Point's participation will be on the same terms as the Placement made to the other participants.

If Resolution 2 is passed, the Company will be able to proceed with the issue of up to 71,111,112 Placement Shares to Hawke's Point (or its nominee(s)) and the Company will raise up to approximately \$8 million (before costs) from the issue of up to 71,111,112 Placement Shares to Hawke's Point (or its nominee(s)).

The impact of passing Resolution 2 on Hawke's Point's voting power in the Company, assuming they are issued 71,111,112 Placement Shares, and assuming the issue of all Placement Shares under the Resolutions the subject of this Notice as described above, is set out in the following table:

---

<sup>3</sup> Based on the most recent notice of change of interests of substantial holder lodged with ASX by Hawke's Point dated 5 April 2023.

Number of Shares in which Hawke's Point has a relevant interest	Percentage voting power in the Company on an undiluted basis ( <i>Total issued share capital of the Company is 1,693,162,212</i> )	Percentage voting power in the Company on a fully diluted basis ( <i>Total issued share capital of the Company is 1,815,251,690</i> )
693,341,671	40.95%	38.20%

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of Placement Shares to Hawke's Point (or its nominee(s)) and the Company will not raise up to approximately \$8 million (before costs) from the issue of Placement Shares to Hawke's Point (or its nominee(s)).

### Information Requirements – Listing Rule 10.13

The following further information is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Placement Shares will be issued to Hawke's Point (or its nominee(s)), as noted above;
- (b) Hawke's Point is a substantial Shareholder for the purposes of Listing Rule 10.11.2, given it currently holds over 30% of the total issued capital of the Company (with a relevant interest in 38.63% of the Company's Shares<sup>4</sup>);
- (c) up to 71,111,112 Placement Shares will be issued to Hawke's Point (or its nominee(s));
- (d) the securities to be issued under this Resolution are fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (e) the Placement Shares will be issued on a date which will be no later than 1 month after the date of this Meeting;
- (f) the Placement Shares will be issued at an issue price of \$0.1125 per Share;
- (g) the purpose of the issue of the Placement Shares to Hawke's Point is to raise up to approximately \$8 million (before costs), which will be used to fund the capital cost of the Riverina Underground mine and drilling to progress resource development and exploration activities; and
- (h) a voting exclusion statement applies to this Resolution as set out in the Notice of Meeting.

If approval is given for the issue of the Placement Shares to Hawke's Point (or its nominee(s)) under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

### Directors' Recommendation and Intention Statements

The Directors recommend that Shareholders vote in favour of Resolution 2.

Any undirected proxies held by the Chair will be voted in favour of Resolution 2.

See Shareholder voting intention statements in section 7 of the Explanatory Memorandum.

<sup>4</sup> Based on the most recent notice of change of interests of substantial holder lodged with ASX by Hawke's Point dated 5 April 2023.

#### **4 Resolutions 3 to 5 (inclusive) – Issue of Placement Shares to Directors**

As noted in the Company's ASX announcement released on 27 March 2023, existing Directors of the Company agreed to subscribe, subject to shareholder approval, for an aggregate of approximately \$1.2 million worth of Placement Shares (before costs) under Tranche 2. Accordingly, Resolutions 3 to 5 (inclusive) seek Shareholder approval pursuant to Listing Rule 10.11 for the issue (as applicable) of up to:

- (a) 8,888,888 Placement Shares to Mr Luke Creagh (Director) (or his nominee(s)) (Resolution 3);
- (b) 1,577,988 Placement Shares to Mr Peter Mansell (Director) (or his nominee(s)) (Resolution 4);  
and
- (c) 444,000 Placement Shares to Mr Alan Rule (Director) (or his nominee(s)) (Resolution 5).

Resolutions 3 to 5 (inclusive) are ordinary resolutions.

#### **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision;  
or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, the Directors are all related parties of the Company. Resolutions 3 to 5 (inclusive) relate to the proposed issued of Placement Shares to the Directors, which constitutes financial benefits that would, but for the application of one of the exceptions set out in sections 210 to 216, require Shareholder approval for the purposes of section 208 of the Corporations Act.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Directors' participation in Tranche 2 because the Placement Shares will be issued to the Directors on the same terms as Placement Shares issued to the other investors unrelated to the Company under the Placement and as such the giving of the financial benefits is on arm's length terms.

#### **Section 195(4) of the Corporations Act**

Section 195(1) of the Corporations Act prohibits a director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting from being present while the matter is being considered at the meeting or voting on the matter. If there is not a quorum of directors who are eligible to vote on a matter because of the operation of section 195(1) of the Corporations Act, one or more directors may call a general meeting and the general meeting may deal with the matter.

The Directors do not have a material personal interest in the issue of Tranche 2 Shares to the Directors (or their respective nominee(s)) other than to themselves. However, given that it is proposed that all current Directors are issued Shares pursuant to Resolutions 3 to 5 (inclusive), they may be considered to have a material personal interest in the outcome of those Resolutions, in which case the Directors would be unable to form a quorum. Accordingly, the Board considers it prudent to exercise their right under section 195(4) of the Corporations Act and put the matters the subject of Resolutions 3 to 5 (inclusive) to Shareholders to resolve pursuant to Resolution 6 (refer to section 5 of the Explanatory Memorandum below).

## **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, the Company must not issue or agree to issue equity securities to:

- a related party (Listing Rule 10.11.1);
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company (Listing Rule 10.11.2);
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a Director to the Board pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4);  
or
- a person whose relationship with the Company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its Shareholders.

The proposed issue of Placement Shares to each of the Directors pursuant to Tranche 2 falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 3 to 5 (inclusive) seek Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes to allow the Directors to be issued a total of up to 10,910,876 Placement Shares under the Placement in addition to the Shares issued to unrelated parties, as detailed above. The Director's participation in Tranche 2 will be on exactly the same terms as the Placement made to the unrelated parties.

If Resolutions 3 to 5 (inclusive) are passed, the Company will be able to proceed with the issue of up to an aggregate of 10,910,876 Placement Shares to the Directors and the Company will raise up to approximately \$1.2 million (before costs) from the issue of Placement Shares to the Directors.

The impact of passing Resolutions 3 to 5 (inclusive) on the Director's voting power in the Company, assuming they are issued the shares the subject of those Resolutions, and assuming the issue of all Placement Shares under the Resolutions the subject of this Notice as described above, is set out in the following table:

Director	Number of Shares	Number of Options	Number of Performance Rights	Percentage voting power in the Company on an undiluted basis ( <i>Total issued share capital of the Company is 1,693,162,212</i> )	Percentage voting power in the Company on a fully diluted basis ( <i>Total issued share capital of the Company is 1,815,251,690</i> )
Mr Luke Creagh	58,888,888	-	70,000,001	3.48%	7.10%
Mr Peter Mansell	9,657,410	592,592	-	0.57%	0.56%
Mr Alan Rule	444,000	-	-	0.02%	0.02%

If Resolutions 3 to 5 (inclusive) are not passed, the Company will not be able to proceed with the issue of Shares to the Directors and the Company will not raise up to approximately \$1.2 million (before costs) from the issue of Placement Shares to the Directors.

#### Information Requirements – Listing Rule 10.13

The following further information is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Placement Shares will be issued to Mr Luke Creagh, Mr Peter Mansell and Mr Alan Rule (or their nominee(s)) as noted above;
- (b) each of Mr Luke Creagh, Mr Peter Mansell and Mr Alan Rule are a related party of the Company for the purposes of Listing Rule 10.11.1, by virtue of being Directors;
- (c) the maximum number of Placement Shares that will be issued to the Directors is 10,910,876 Placement Shares comprised of up to:
  - (i) 8,888,888 Placement Shares to Mr Luke Creagh (or his nominee(s)) (Resolution 3);
  - (ii) 1,577,988 Placement Shares to Mr Peter Mansell (or his nominee(s)) (Resolution 4); and
  - (iii) 444,000 Placement Shares to Mr Alan Rule (or his nominee(s)) (Resolution 5).
- (d) the securities to be issued under Resolutions 3 to 5 (inclusive) are fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (e) the Placement Shares will be issued on a date which will be no later than 1 month after the date of this Meeting;
- (f) the Placement Shares will be issued at an issue price of \$0.1125 per Share;
- (g) the purpose of the issue of the Placement Shares to the Directors is to raise up to approximately \$1.2 million (before costs), which will be used to fund the capital cost of the Riverina Underground mine and drilling to progress resource development and exploration activities;



- (h) the issue of the Placement Shares to the Directors is not intended to remunerate or incentivise the Directors; and
- (i) a voting exclusion statements apply to Resolutions 3 to 5 (inclusive) as set out in the Notice of Meeting.

If approval is given for the grant of the Shares under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

### **Directors' Recommendation and Intention Statements**

Given the fact that each Director may have an interest in the issue of Placement Shares under Resolutions 3 to 5 (inclusive) (as the case may be), the Directors do not consider it is appropriate to make a recommendation in relation to these Resolutions.

The Directors are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass these Resolutions.

Any undirected proxies held by the Chair will be voted in favour of Resolutions 3 to 5 (inclusive).

See Shareholder voting intention statements in section 7 of the Explanatory Memorandum.

### **5 Resolution 6 – Section 195 approval**

Section 195(1) of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a “material personal interest” are being considered.

The Directors may have a material personal interest in the outcome of the Resolutions the subject of Resolutions 3 to 5 (inclusive). In the absence of this Resolution 6, the Directors may not be able to form a quorum at directors' meetings necessary to carry out the terms of Resolutions 3 to 5 (inclusive).

Accordingly, the Directors consider it prudent to exercise their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

Resolution 6 is an ordinary resolution.

Any undirected proxies held by the Chair will be voted in favour of Resolution 6.

See Shareholder voting intention statements in section 7 of the Explanatory Memorandum.

### **6 Resolutions 7 and 8 – Approval for the Company to undertake the Proposed Transaction and grant the Royalty Security**

#### **Background**

On 21 December 2022, the Company announced to ASX that it had:

- (a) entered into documentation with Hawke's Point for a 0.9% net smelter royalty granted by each of the Company's wholly owned subsidiaries Siberia Mining Corporation Pty Limited (**SMC**) and Carnegie Gold Pty Ltd (**Carnegie**) (together, the **Royalty Subsidiaries**) to Hawke's Point with respect to certain gold products (capped at 900,000oz of pure gold) for A\$1.74 million on the terms set out in a royalty deed (**Royalty**); and

- (b) entered into a loan agreement with Hawke's Point for an unsecured loan of \$11 million (**Loan**), (together, the **Funding Package**).

Under the terms of the Royalty, Hawke's Point was entitled to request the grant of security by the relevant Royalty Subsidiary with respect to the Royalty. If requested by Hawke's Point, the Royalty Subsidiaries, the Company, and Hawke's Point must negotiate and agree to grant a mortgage over tenements which are the subject of the Royalty and a charge over any real property within the area of those tenements or any gold ore, concentrate, dore or bullion which is produced from the tenements to secure the payment of the Royalty to Hawke's Point (**Royalty Security**), subject to the Company obtaining any required Shareholder approvals under Listing Rule 10.1.

On 16 March 2023, the Company announced its conditional agreement via SMC to divest certain of its non-core Lady Ida tenements, being M16/262, M16/263, M16/264, L15/224, L16/58, L16/62, L16/103 and applications for L16/138 and L16/142 (together, the **M&L Tenements**) to Lamerton Pty Ltd and Geoda Pty Ltd (**M&L Transaction**).

On 21 March 2023, the Company announced its conditional agreement via the Royalty Subsidiaries to divest the remainder of its non-core Lady Ida tenements, being E16/475, E16/483, E16/484 and E16/486 (together, the **Beacon Tenements**), to Beacon Mining Pty Ltd (a wholly-owned subsidiary of Beacon Minerals Limited) (**Beacon Transaction**).

### **Proposed Transaction**

In order to satisfy a condition precedent to the Beacon Transaction and the M&L Transaction, Hawke's Point has agreed with the Company to vary the Royalty such that it will not apply to the Beacon Tenements and the M&L Tenements with effect on and from Shareholders approving Resolution 7 (together, the **Sale Tenements**) (**Royalty Surrender**).

Accordingly, on 21 March 2023, the Company announced it had entered into binding documentation (comprising various side letters) with Hawke's Point providing for adjustments to the Funding Package (subject to the Company obtaining Shareholder approval under Listing Rule 10.1 pursuant to Resolution 7) pursuant to which the:

- (a) the Royalty will continue to apply to the Company's remaining tenements (other than the Sale Tenements) on the following terms:
  - (i) the Royalty will increase from 0.9% NSR to 1.0% NSR; and
  - (ii) the cap on the Royalty of 900,000oz of pure gold will be removed, such that the Royalty is uncapped;
- (b) Hawke's Point will extend the maturity date for the Loan for a period of 9 months from 31 December 2023 to 30 September 2024; and
- (c) Hawke's Point will pay \$1.7 million cash consideration to the Company for the above within 5 Business Days of Shareholder approval under Listing Rule 10.1 being obtained (i.e. approval of Resolution 7 included in this Notice of Meeting).

The above adjustments to the Funding Package are collectively referred to as the **Proposed Transaction**.

Further, if either or both the M&L Transaction or the Beacon Transaction do not complete or are terminated, then Hawke's Point may issue a notice stating that the Royalty be reinstated with respect to the M&L Tenements and/or the Beacon Tenements (as applicable).

A summary of the material terms of the Proposed Transaction is set out as Annexure A to this Notice.

## Royalty Security

Pursuant to its right under the Royalty (as described above), in early April 2023 Hawke's Point formally requested to the Company that the Royalty Security be granted. Accordingly, under the terms of the Royalty, the Royalty Subsidiaries, the Company and Hawke's Point are required to agree the terms of a security deed to grant a mortgage over tenements which are the subject of the Royalty and a charge over any real property within the area of those tenements or any gold ore, concentrate, dore or bullion which is produced from the tenements to secure the payment of the Royalty to Hawke's Point on market standard terms:

- (a) permitting the grant of security over the Company's remaining tenements (other than the Sale Tenements) and minerals produced from the tenements in favour of bona fide financiers; and
- (b) incorporating a requirement to accede to usual intercreditor/tripartite arrangements with those bona fide financiers,

provided that Hawke's Point's priority rights to payment of the Royalty, as secured by the Royalty Security, are protected (**Security Deed**).

The grant of the Royalty Security is subject to the Company obtaining Shareholder approval under Listing Rule 10.1 pursuant to Resolution 8.

Further details of the above transactions are contained in the Company's announcements dated 21 December 2022, 16 March 2023 and 21 March 2023 and the Independent Expert's Report accompanying this Notice as Annexure B.

## Chapter 2E of the Corporations Act

Approval is not being sought under Chapter 2E of the Corporations Act for the Proposed Transaction or the Royalty Security, given Hawke's Point is not a related party of the Company for the purposes of section 228 of the Corporations Act. Whilst Hawke's Point has a relevant interest in 38.63%<sup>5</sup> of the Company's Shares, the Board does not consider that Hawke's Point 'controls' the Company for the purposes of section 50AA of the Corporations Act and is therefore not a related party.

## Listing Rule 10.1

Resolution 7 seeks Shareholder approval for the purposes of Listing Rule 10.1 and for all other purposes for the Proposed Transaction.

Resolution 8 seeks Shareholder approval for the purposes of Listing Rule 10.1 and for all other purposes for the grant of the Royalty Security.

Listing Rule 10.1 provides that the Company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- a related party (Listing Rule 10.1.1);
- a child entity (Listing Rule 10.1.2);
- a person who is, or who was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company (Listing Rule 10.1.3);
- an associate of a person referred to Listing Rules 10.1.1 to 10.1.3 (Listing Rule 10.1.4); or

---

<sup>5</sup> Based on the most recent notice of change of interests of substantial holder lodged with ASX by Hawke's Point dated 5 April 2023.

- a person whose relationship with the Company or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders (Listing Rule 10.1.5),

unless it obtains the approval of its Shareholders.

It is noted that Listing Rule 10.1 requires that Shareholder approval is obtained where a "substantial asset" is disposed of to, or acquired from, a related party (within the meaning given in the Listing Rules). A substantial asset is an asset of the Company which is equal or greater to 5% of the equity interests (as defined in the Listing Rules) set out in its most recent accounts lodged with ASX.

ASX has advised that it will aggregate the Proposed Transaction with the Royalty and Loan for the purposes of applying Listing Rule 10.1 to the Proposed Transaction. The value of the Royalty and Loan as amended by the Proposed Transaction exceeds 5% of the Company's equity interests by reference to its last financial accounts lodged with ASX and therefore constitutes a substantial asset for the purposes of Listing Rule 10.2.

Likewise, the value of the assets the subject of the Royalty Security exceeds 5% of the Company's equity interests by reference to its last financial accounts lodged with ASX and therefore constitutes a substantial asset for the purposes of Listing Rule 10.2.

For the purposes of Listing Rule 10.1, Listing Rule 10.1.3 states that a substantial holder is a person who has, or had at any time in the 6 months before the transaction, a substantial (10%+) holding in the Company. Hawke's Point is a substantial Shareholder for the purposes of Listing Rule 10.1.3, given it currently holds over 10% of the total issued capital of the Company (with a relevant interest of 38.63%<sup>6</sup> in the Company's Shares).

Accordingly, the Proposed Transaction and the grant of the Royalty Security to Hawke's Point each fall within Listing Rule 10.1 and Shareholder approval is therefore required for the purposes of Listing Rule 10.1 to implement the Proposed Transaction and grant the Royalty Security to Hawke's Point.

If Resolution 7 is passed, the Company will be able to proceed with the Proposed Transaction, which will provide the Company with further funding and improve its debt profile.

If Resolution 8 is passed, the Company will be able to grant the Royalty Security to Hawke's Point.

### **Consequences if Resolution 7 is not passed**

The Proposed Transaction is subject to the Company obtaining Shareholder approval under Listing Rule 10.1. Accordingly, if Resolution 7 is not passed and Shareholder approval under Listing Rule 10.1 is not obtained, then the agreement with Hawke's Point will immediately terminate upon conclusion of the Meeting and will be of no further force or effect and the Proposed Transaction will not occur. In such an event, the Company will not obtain the benefit of the further funding and improvement to the Company's debt profile provided by the amendments to the Funding Package that are proposed to be made via the Proposed Transaction.

Furthermore, the Company and Hawke's Point will be required to negotiate and agree on alternative consideration for the Royalty Surrender, which may include a cash payment to Hawke's Point which, if agreed, may be paid out of, and reduce the Company's existing cash reserves (noting that no such alternative has been agreed between the parties as at the date of this Notice).

If the Company is unable to agree terms for the Royalty Surrender with Hawke's Point by the end date for satisfaction of the conditions precedent under the M&L Transaction and the Beacon Transaction, then the Company would be required to refund the consideration received under the M&L Transaction and Beacon Transaction due to non-satisfaction of the conditions precedents (being the amount of

---

<sup>6</sup> Based on the most recent notice of change of interests of substantial holder lodged with ASX by Hawke's Point dated 5 April 2023.

\$10 million in relation to the M&L Transaction and the \$1 million portion paid on execution under the Beacon Transaction). The end date for satisfaction of the conditions precedents under the M&L Transaction is 9 months from the date of execution (15 December 2023) and 90 days from the date of execution (19 June 2023) under the Beacon Transaction.

If the Company is not able to proceed with the Proposed Transaction, it may have to look to other forms of debt or equity financing. Any further equity raisings may further dilute current Shareholders' ownership interest in the Company and given the current early production phase of the Company's assets, additional debt funding may increase the risk profile of the Company.

### **Consequences if Resolution 8 is not passed**

The grant of the Royalty Security is subject to the Company obtaining Shareholder approval under Listing Rule 10.1. Accordingly, if Resolution 8 is not passed and Shareholder approval under Listing Rule 10.1 is not obtained, then the Company, the Royalty Subsidiaries and Hawke's Point will not be able to enter into the Security Deed and the Royalty Security will not be granted. In such an event, the parties will need to consider alternative arrangements.

### **Information Requirements – Listing Rule 10.5**

The following further information is provided to Shareholders for the purposes of Listing Rule 10.5.

- (a) The counterparty to the Proposed Transaction and grantee of the Royalty Security is Hawke's Point.
- (b) Hawke's Point is a substantial Shareholder for the purposes of Listing Rule 10.1.3, given it currently holds over 10% of the total issued capital of the Company. Hawke's Point has a relevant interest in 38.63% of the Company's Shares based on the most recent notice of change of interests of substantial holder lodged with ASX by Hawke's Point dated 5 April 2023.
- (c) Pursuant to the Proposed Transaction, the Funding Package will be amended as follows:
  - (i) the Royalty will continue to apply to the Company's remaining tenements (other than the Sale Tenements) on the following terms:
    - (A) the Royalty will increase from 0.9% NSR to 1.0% NSR; and
    - (B) the cap on the Royalty of 900,000oz of pure gold will be removed, such that the Royalty is uncapped;
  - (ii) Hawke's Point will extend the maturity date for the Loan for a period of 9 months from 31 December 2023 to 30 September 2024; and
  - (iii) Hawke's Point will pay \$1.7 million cash consideration to the Company for the above within 5 Business Days of Shareholder approval under Listing Rule 10.1 being obtained.
- (d) Pursuant to the grant of the Royalty Security, the Royalty Subsidiaries will grant a first ranking mortgage over tenements which are the subject of the Royalty and a charge over any real property within the area of those tenements or any gold ore, concentrate, dore or bullion which is produced from the Royalty to Hawke's Point to secure payment of the Royalty.
- (e) The consideration which the Company will receive pursuant to the Proposed Transaction comprises the Royalty Surrender, amending the terms of the Royalty as described above, extending the maturity date of the Loan and receiving \$1.7 million cash from Hawke's Point.
- (f) The cash consideration received by the Company pursuant to the Proposed Transaction will be used to fund the capital cost of the Riverina Underground mine and drilling to progress resource development and exploration activities.

- (g) No cash consideration will be received from the grant of the Royalty Security and accordingly no funds will be raised.
- (h) If Shareholder approval for the Proposed Transaction and grant of the Royalty Security is obtained under Resolutions 7 and 8, respectively, at the Meeting, which as detailed in the Notice is scheduled to be held on 8 June 2023, the Proposed Transaction and grant of the Royalty Security will be effected as soon as practicable after the Meeting and following Hawke's Point obtaining any necessary approvals required under the *Foreign Acquisition and Takeovers Act 1975* (Cth) to acquire an interest in the Royalty tenements pursuant to the Royalty Security. In respect to the Proposed Transaction, the \$1.7 million cash consideration will be paid within 5 Business Days of Shareholders passing Resolution 7.
- (h) A summary of the material terms of the documentation pursuant to which the Proposed Transaction will be implemented is set out in Annexure A to the Notice. A summary of the Security Deed is provided above.
- (i) A voting exclusion statement applies to Resolutions 7 and 8 as set out in the Notice.
- (j) Refer to Annexure B to the Notice for the Independent Expert in relation to the Proposed Transaction and the grant of the Royalty Security.

### **Independent Expert's Report and opinion**

Listing Rule 10.5.10 requires a notice of meeting containing a resolution under Listing Rule 10.1 to include a report on the transaction from an independent expert. The Company appointed BDO Corporate Finance (WA) Pty Ltd (**Independent Expert**) as an independent expert and commissioned it to prepare a report (**Independent Expert's Report**) to provide an opinion on whether or not each of the Proposed Transaction and the Royalty Security are fair and reasonable to Shareholders who are not associated with Hawke's Point.

The Independent Expert's Report accompanying this Notice sets out a detailed independent examination of the Proposed Transaction and the Royalty Security to enable Shareholders not associated with Hawke's Point to assess the merits and decide whether to approve Resolutions 7 and 8, respectively.

### **Proposed Transaction**

The Independent Expert has concluded that the Proposed Transaction is fair and reasonable to Shareholders not associated with Hawke's Point.

The advantages identified by the Independent Expert are:

- (a) the Proposed Transaction is fair;
- (b) the extension of the Loan maturity better aligns with the Company's expected revenue window from the Riverina Underground mine;
- (c) the Proposed Transaction does not increase the risk of default; and
- (d) the Proposed Transaction does not dilute Shareholders' interest.

The disadvantages identified by the Independent Expert are:

- (a) uncapping of the Royalty provides more potential upside to Hawke's Point.

## **Royalty Security**

The Independent Expert has concluded that the Royalty Security is fair and reasonable to Shareholders not associated with Hawke's Point.

The advantages identified by the Independent Expert are:

- (a) the Royalty Security is fair.

The disadvantages identified by the Independent Expert are:

- (a) the Company will grant a first ranking security over its remaining tenements to Hawke's Point.

Further details regarding the advantages and disadvantages of each of the Proposed Transaction and the Royalty Security identified by the Independent Expert are detailed in section 13 of the Independent Expert's Report. Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuations and the sources of information and assumptions made in the Independent Expert's Report (a full copy of which is provided in Annexure B).

The Independent Expert's Report is also available on the Company's website (<https://orabandamining.com.au/>). If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

The Independent Expert has consented to the Independent Expert's Report accompanying this Notice of Meeting.

## **Directors' Interests and Recommendation and Intention Statements**

The Directors recommend that Shareholders vote in favour of Resolutions 7 and 8. The Directors are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 7 and 8.

See Shareholder voting intention statements in section 7 of the Explanatory Memorandum.

## **7 Shareholder Voting Intention Statements**

The Company has received intention statements from each of the following Shareholders as at the date of this Notice:

- Mr Anthony Barton and associates, in respect of 39,000,000 Shares held as at the date of their intention statement (representing approximately 2.4% of Shares);
- Mr George Winks and Ms Rowena Winks, in respect of 19,456,211 Shares held as at the date of their intention statements (representing approximately 1.2% of Shares);
- Mr Luke Creagh (Director), in respect of 50,000,000 Shares held as at the date of his intention statement (representing approximately 3.1% of Shares); and
- Mr Hendricus Indrisie, in respect of 52,000,000 Shares held as at the date of his intention statement (representing approximately 3.3% of Shares),

that, as at the date of their intention statements, they presently intend to vote such Shares or cause the holder of such Shares to vote, in favour of each of the Resolutions in this Notice (where they are not excluded or restricted from voting). Each of the parties above notes, for the avoidance of doubt, that the above intention statements represent their present intentions only, and they reserve their right to change their intentions.

The Company has also received an intention statement from Paradise, which acts as investment manager and trustee of an unregistered fund, in respect of 152,321,300 Shares (representing

approximately 9.5% of Shares) currently registered in the name of Paradice (as at the date of its intention statement) that, as investment manager it has the ability to determine how such Shares are voted, and that it presently intends to vote such Shares in favour of each of the Resolutions in this Notice (where it is not excluded or restricted from voting). Paradice notes that nothing in its intention statement shall restrict its ability to change its intention with respect to the Resolutions.

Each of the parties named above has consented to the inclusion of their intention statements in this Notice (and has not withdrawn such consent as at the date of this Notice).



## GLOSSARY

**\$** means Australian dollars.

**Associate** has the meaning given to that term in the Listing Rules.

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**AWST** means western standard time as recognised in Perth, Western Australia.

**Beacon Tenements** has the meaning given on page 18.

**Beacon Transaction** has the meaning given on page 18.

**Board** means the Directors.

**Business Day** means a day on which trading banks are open for business in Perth, Western Australia.

**Carnegie** has the meaning given on page 17.

**Chair** means the individual elected to chair any meeting of the Company from time to time.

**Company** means Ora Banda Mining Ltd ABN 69 100 038 266.

**Constitution** means the Company's constitution, as amended from time to time.

**Corporations Act** means Corporations Act 2001 (Cth).

**Directors** means the directors of the Company.

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice.

**Funding Package** has the meaning given on page 18.

**Hawke's Point** means Hawke's Point Holdings I Limited and/or Hawke's Point Holdings L.P. (as applicable) and their related entities.

**Independent Expert** has the meaning given on page 22.

**Independent Expert's Report** has the meaning given on page 22.

**Loan** has the meaning given on page 18.

**Listing Rules** means the ASX Listing Rules.

**M&L Tenements** has the meaning given on page 18.

**M&L Transaction** has the meaning given on page 18.

**Meeting** means the General Meeting convened by the Notice.

**Notice** or **Notice of Meeting** means this Notice of General Meeting.

**NSR** means net smelter return.

**Option** means an option to acquire a Share.

**Paradice** means Paradice Investment Management Pty Ltd.

**Performance Right** means a performance right granted under the incentive plan approved by Shareholders at the annual general meeting held on 15 November 2019.

**Placement** has the meaning given on page 9.

**Placement Shares** has the meaning given on page 9.

**Proposed Transaction** has the meaning given on page 18.

**Proxy Form** means the proxy form accompanying the Notice by way of email where the Shareholder has elected to receive notices by email, or the personalised proxy form accompanying the postcard circulated by way of post where the Shareholder has not elected to receive notices by email.

**Resolution** means a resolution contained in the Notice.

**Royalty** has the meaning given on page 17.

**Royalty Security** has the meaning given on page 18.

**Royalty Subsidiaries** has the meaning given on page 17.

**Royalty Surrender** has the meaning given on page 18.

**Sale Tenements** has the meaning given on page 18.

**Security Deed** has the meaning given on page 19.

**Shareholder** means a member of the Company from time to time.

**Shares** means fully paid ordinary shares in the capital of the Company.

**SMC** has the meaning given on page 17.

**Tranche 1** has the meaning given on page 9.

**Tranche 1 Shares** has the meaning given on page 9.

**Tranche 2** has the meaning given on page 9.

**Tranche 2 Shares** has the meaning given on page 9.

## Annexure A – Proposed Transaction

<b>Counterparty</b>	Hawke's Point
<b>Variations</b>	<ul style="list-style-type: none"><li>• The Sale Tenements will be released from the Royalty and Hawke's Point will consent to those sales.</li><li>• The Royalty (as it will then apply to the non-Sale Tenements only) will increase from 0.9% NSR to 1.0% NSR and the cap on the Royalty of 900,000oz of pure gold will be removed, such that the Royalty is uncapped.</li><li>• Hawke's Point will extend the maturity date for the Loan for a period of 9 months from 31 December 2023 to 30 September 2024.</li></ul>
<b>Cash Consideration</b>	\$1.7 million cash consideration payable by Hawke's Point to the Company within 5 Business Days of the condition precedent being satisfied.
<b>Conditions precedent</b>	<p>The variations (as described above) are conditional on the following condition precedent being satisfied:</p> <ul style="list-style-type: none"><li>• the Company obtaining any required shareholder approval under Listing Rule 10.1 to give effect to those variations.</li></ul>
<b>Termination</b>	If the Beacon Transaction or the M&L Transaction do not complete or are terminated, then Hawke's Point may issue a notice stating that the Royalty be reinstated with respect to the relevant tenements.
<b>Other material terms</b>	If the Company (or the relevant subsidiaries) enter into a further agreement with respect to E16/482 and E15/456, then those tenements will also be released from the Royalty, provided that the sale of those tenements is for cash consideration of not less than \$2.5 million and completes within 9 months of the date of the side letter.

## **Annexure B – Independent Expert’s Report**



**ORA BANDA MINING LTD**  
**Independent Expert's Report**

**OPINION: Fair and reasonable**

18 April 2023



## Financial Services Guide

18 April 2023

**BDO Corporate Finance (WA) Pty Ltd** ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Ora Banda Mining Ltd ('Ora Banda') to provide an independent expert's report on the proposal to adjust the terms of the Funding Package and to provide Hawke's Point with security over the mineral assets of Ora Banda should Ora Banda be unable to pay the Royalty. You are being provided with a copy of our report because you are a shareholder of Ora Banda and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Notice of Meeting required to be provided to you by Ora Banda to assist you in deciding on whether or not to approve the proposal.

### Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

## **Fees, commissions and other benefits that we may receive**

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$27,500.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Ora Banda.

## **Other Assignments**

BDO has provided option valuation services for Ora Banda over the past two years. This is not considered material to the operations of Ora Banda.

## **Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Ora Banda for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

## **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## **Complaints resolution**

### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. We are also committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the [BDO Complaints Policy](#) available on our website.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

## **Referral to External Dispute Resolution Scheme**

We are a member of the Australian Financial Complaints Authority ('AFCA') which is an External Dispute Resolution Scheme. Our AFCA Membership Number is 12561. Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to AFCA using the below contact details:

Mail:	GPO Box 3, Melbourne, VIC 3001
Free call:	1800 931 678
Website:	<a href="http://www.afca.org.au">www.afca.org.au</a>
Email:	<a href="mailto:info@afca.org.au">info@afca.org.au</a>
Interpreter Service:	131 450

## TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	2
3.	Scope of the Report	5
4.	Outline of the Proposed Transaction	7
5.	Profile of Ora Banda	9
6.	Profile of Hawke's Point	18
7.	Economic analysis	19
8.	Industry analysis	21
9.	Valuation approach adopted	27
10.	Valuation of adjustments to the Funding Package	28
11.	Valuation of the Security to be Provided and the Liabilities to be Settled	34
12.	Is the Proposed Transaction fair?	35
12.1	Are the adjustments to the Funding Package fair?	35
12.2	Is the Royalty Security fair?	35
13.	Is the Proposed Transaction reasonable?	37
14.	Conclusion	40
15.	Sources of information	40
16.	Independence	40
17.	Qualifications	41
18.	Disclaimers and consents	41

Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Discount rate

© 2023 BDO Corporate Finance (WA) Pty Ltd

---

18 April 2023

The Directors  
Ora Banda Mining LTD  
Level 1, 2 Kings Park Road  
WEST PERTH WA 6005

Dear Directors

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

On 21 December 2022, Ora Banda Mining Ltd ('Ora Banda' or 'the Company') secured a debt and royalty funding package ('the Funding Package') from Hawke's Point Holdings L.P. ('Hawke's Point') comprising:

- an unsecured loan for \$11.0 million with a maturity date of 31 December 2023, and depending on election, an interest rate of 10% per annum, accrued daily and compounded at the end of each quarter ('the Loan'); and
- a net smelter return ('NSR') royalty with respect to certain gold products at 0.9% NSR, capped at 900,000 ounces ('oz') of pure gold produced ('the Royalty'), in consideration for \$1.74 million cash.

On 21 March 2023, Ora Banda announced the proposed variation to the Funding Package. Ora Banda is seeking shareholder approval to approve the following proposed changes:

- the Loan maturity date will be extended from 31 December 2023 to 30 September 2024;
- the Royalty will increase from 0.9% to 1.0% over the same Ora Banda mineral assets;
- the cap on the Royalty of 900,000 oz will be removed, such that the Royalty is uncapped.

Hawke's Point will pay an additional \$1.7 million cash consideration ('Consideration') for the adjustments to the terms of the Funding Package.

The above adjustments to the Funding Package are collectively referred to as the 'Proposed Transaction'.

As the Proposed Transaction concerns a substantial holder in the Company, a party who holds an interest of more than 10% and to which ASX Listing Rule 10.1 applies, approval from Ora Banda shareholders not associated with Hawke's Point ('Shareholders') is required for the Proposed Transaction to proceed.

Under the Royalty Deed, the Company proposes to grant a first ranking security interest in and a lien over all of the Company's remaining tenements to be included under the Royalty Deed to Hawke's Point ('the Royalty Security'), in order to secure payment of the outstanding amount of the Royalty ('Outstanding Amount').



Shareholder approval under ASX Listing Rule 10.1 is required as the grant of the Royalty Security to Hawke's Point under the Royalty Deed is deemed to be the disposal of a substantial asset to a party to which Listing Rule 10.1 applies. Consequently, the Company is seeking approval from Shareholders for the grant of the Royalty Security pursuant to the Royalty Deed.

Further details of the Funding Package and the Royalty Security are set out in Section 4 of our Report.

## 2. Summary and Opinion

### 2.1 Requirement for the report

The directors of Ora Banda have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not each of the Proposed Transaction and Royalty Security are fair and reasonable to Shareholders.

Our Report is prepared pursuant to ASX Listing Rule 10.1 and 10.5 and is to be included in the Notice of Meeting for Ora Banda in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

### 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 76 'Related party transactions' ('RG 76'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of the Consideration compares to the value of the adjustments to the Funding Package being provided to Hawke's Point;
- How the value of the proceeds of the sale of the Royalty Security that would be provided to Hawke's Point under the Royalty Deed, in the event of default, compares to the value of the liabilities that would be settled;
- The likelihood of an alternative offer being made to Ora Banda;
- Other factors which we consider to be relevant to the Shareholders in their assessment of whether to approve the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

### 2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that, in the absence of an alternative offer, the Proposed Transaction is fair and reasonable to Shareholders.

We have considered the terms of the Royalty Security as outlined in the body of our Report and have concluded that the Royalty Security is fair and reasonable to Shareholders.

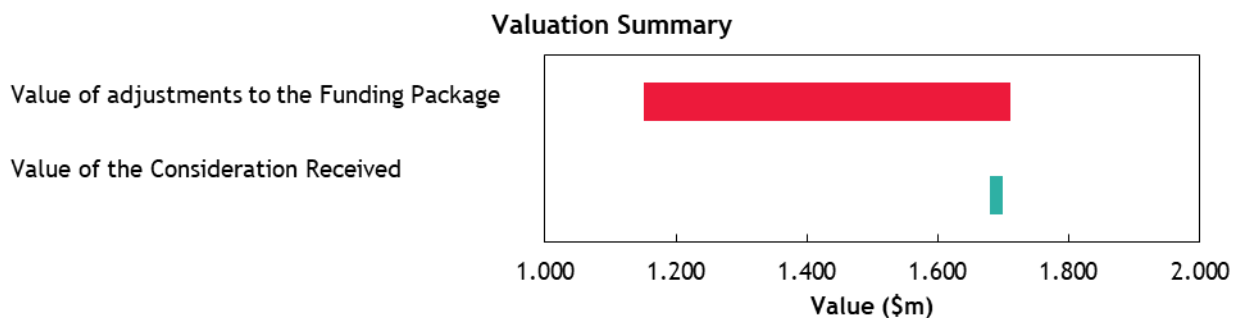
## 2.4 Fairness

In Section 12, we determined that the Proposed Transaction Consideration compares to the value of the adjustments to the Funding Package, as detailed below.

	Ref	Low \$m	Preferred \$m	High \$m
Value of adjustments to the Funding Package	10.3	1.15	1.43	1.71
Value of Consideration received	10.4	1.70	1.70	1.70

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

We note from the table above that the Consideration to be received from Hawke's Point to be greater than the low and preferred values of the adjustments to the Funding Package. We note the assumptions made under the high value of the adjustments to the Funding Package in Section 10 of this Report assume that Ora Banda makes no interest payments of the interest accrued at the end of any quarter over the life of the Loan, and instead, accrue all interest payable and carry forward until being paid at maturity date. We consider this to be the most unlikely of the low, preferred, and high scenarios given Ora Banda's current revenue generating mining activities and surplus cash balance show the Company is likely to be in a position to pay at least some of the interest payable in cash at the end of each quarter. Therefore, we consider that the Proposed Transaction is fair.

In Section 11 of our Report, we determined that the value of the Royalty Security to be Provided is equal to, or less than the value of the Liabilities to be Settled. The Security to be Provided and the Liabilities to be Settled are further defined in Section 3.3 of our Report.

Therefore, in the absence of a superior proposal, we consider the Royalty Security to be fair for Shareholders.

## 2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/or an alternate Proposed Transaction we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages of the Proposed Transaction considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.3.1	The Proposed Transaction is fair	13.4.1	Uncapping of Royalty provides more potential upside to Hawke's Point
13.3.2	Loan maturity to align with Ora Banda's expected revenue window from the Riverina Underground Project		
13.3.3	Proposed Transaction does not increase the risk of default		
13.3.4	Proposed Transaction does not dilute Shareholders' interests		

Other key matters we have considered include:

Section	Description
13.1	Alternative proposals
13.2	Consequences of not approving the Proposed Transaction

The respective advantages and disadvantages of the Royalty Security considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.5.1	The Royalty Security is fair	13.6.1	Ora Banda will grant a first ranking security over its remaining tenements under the Royalty Deed to Hawke's Point

Other key matters we have considered include:

Section	Description
13.7	Alternative proposals to the Royalty Security

### 3. Scope of the Report

#### 3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of, or agrees to acquire or dispose of, a substantial asset when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity as set out in the latest accounts given to the ASX under its Listing Rules. Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a party falling within one of the categories in Listing Rules 10.1.1 to 10.1.5 (including a substantial (10%+) holder in the Company).

Hawke's Point and its related entities hold a relevant interest in 38.63% of Ora Banda, and is therefore considered to be a substantial holder in the Company per Listing Rule 10.1.3. Based on the audited accounts as at 31 December 2022, 5% of the equity interest of Ora Banda is approximately \$897,000. The value of the consideration paid for the Proposed Transaction exceeds this figure and is therefore considered to be a substantial asset for the purposes of the ASX Listing Rules. The value of the security over the tenements subject to the Royalty Deed could also exceed this figure and is therefore considered to be a substantial asset for the purposes of the ASX Listing Rules.

Listing Rule 10.5.10 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent experts' report is required for the Proposed Transaction. Under RG 111 the report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Ora Banda.

#### 3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act 2001 ('Corporations Act' or 'the Act') defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111 which provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where an expert assesses whether a substantial holder transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1 this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the Proposed Transaction.

We do not consider the Proposed Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Proposed Transaction as if it were not a control transaction.

#### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. In the case of Ora Banda, the adjustment to the terms of the Royalty is the subject of the transaction. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious,

seller acting at arm's length. RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in Section 3.2 we do not consider that the Proposed Transaction is a control transaction. As such, we have not included a premium for control when considering the value of the adjustment to the terms of the Royalty.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any alternate options.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the adjustments to the Funding Package and the value of the consideration provided (fairness - see Section 12 'Is the Proposed Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 13 'Is the Proposed Transaction Reasonable?').

In addition, RG 111.57 states that in the context of related party transactions,

*"A proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length."*

In the context of the Proposed Transaction and Royalty Security, the above applies for substantial holders the same as it would for related parties. We note RG 111 guidance applies to ASX Listing Rule 10.1 transactions (per RG 111.55 and RG 111.56).

Given an opinion is required pursuant to ASX Listing Rule 10.1, in the context of the Royalty Security, we have considered the following:

- the value of the financial benefit to be provided by Ora Banda to Hawke's Point, to be the cash or assets up to the equivalent cash amount sufficient to repay the Outstanding Amount (**'Security to be Provided'**); and
- the value of the consideration being provided to Ora Banda, to be the amount payable to Hawke's Point in the event of default that would be settled by the Security to be Provided, which represents the Outstanding Amount (**'Liabilities to be Settled'**).

Accordingly, we have conducted this assessment by comparing the value of the Security to be Provided to the Liabilities to be Settled.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' (**'APES 225'**).

A Valuation Engagement is defined by APES 225 as follows:

*'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

## 4. Outline of the Proposed Transaction

### 4.1 Adjustments to the Funding Package

On 21 December 2022, Ora Banda announced it had secured the Funding Package for cash consideration of \$1.74 million from Hawke's Point comprising:

- the Loan; and
- the Royalty.

The proceeds of the Funding Package are to fund resource development exploration of the Company's Riverina deposits underground extension ('**the Riverina Underground Project**'), capital expenditure and working capital. Under the terms of the Funding Package, the Loan would mature on 31 December 2023. At the election of Ora Banda, interest would be either paid quarterly in cash at an interest rate of 10% per annum or accrued at the end of each quarter and carried forward in the loan balance at an interest rate of 14% per annum. Interest is accrued daily and compounded at the end of each quarter.

The Royalty would be determined on a net smelter return basis and would be payable quarterly in respect of gold doré or bullion, and any other product produced by the Company forming part of the NSR calculation under the Royalty Deed ('**Qualifying Product**'). No payments would be required under the Royalty in respect of any gold produced at the Company's Davyhurst processing plant prior to 31 December 2023. The Royalty was subject to the following:

- should the Company produce 900,000 or more payable oz of pure gold under the Royalty prior to 31 December 2037, the Royalty would terminate in its entirety upon achieving the 900,000 oz threshold; and
- should the Company produce less than 900,000 payable oz of pure gold under the Royalty prior to 31 December 2037, the Royalty would continue beyond the 900,000 oz threshold but would be reduced proportionately by the percentage of 900,000 oz of Qualifying Products that is produced and paid for by that date.

On 21 March 2023, Ora Banda announced that it had entered into binding documentation with Hawke's Point to vary the Funding Package Deed. To raise further funds and improve its debt profile, Ora Banda and Hawke's Point have agreed to:

- release the tenements sold to Beacon Minerals Limited ('**Beacon Minerals**') and to Lamerton Pty Ltd and Geoda Pty Ltd (collectively '**Lamerton and Geoda**') from the Royalty and for Hawke's Point to consent to those sales;
- extend the Loan maturity date for a period of nine months from 31 December 2023 to 30 September 2024 to better align with Ora Banda's expected revenue window from the Riverina Underground Project;
- increase the Royalty payable from 0.9% to 1.0% over the same Ora Banda mineral assets, other than the tenements sold to Beacon Minerals, and Lamerton and Geoda;
- remove the production cap on the Royalty of 900,000 oz of pure gold, such that the Royalty is uncapped;
- the payment of an additional \$1.7 million cash consideration ('**Consideration**') for the adjustments to the terms of the Funding Package by Hawke's Point to Ora Banda.

## 4.2 Royalty Security

Under the Royalty Deed, and subject to Shareholder approval, the Company will grant a first ranking security interest and a lien over all of the Company's remaining mineral assets to be included under the Security Deed, to Hawke's Point to secure payment of the Outstanding Amount to Hawke's Point.

Pursuant to the Funding Package and ASX Listing Rule 10.1.5, the grant of the Royalty Security to Hawke's Point is subject to, and conditional on, Shareholders approving the grant of the Royalty Security to Hawke's Point.

## 5. Profile of Ora Banda

### 5.1 Overview

Ora Banda is an ASX-listed gold exploration and development company that holds a 100% interest in the Davyhurst Gold Project (**'the Project'**) located in the Eastern Goldfields of Western Australia (**'WA'**). Ora Banda incorporated and listed on the ASX in 2002. The Company was formerly known as Eastern Goldfields Limited and changed its name in June 2019.

The current directors and joint company secretaries of Ora Banda are:

- Luke Creagh - Managing Director and Chief Executive Officer;
- Peter Mansell - Non-Executive Director and Chairman;
- Alan Rule - Non-Executive Director;
- Gareth Jones - Joint Company Secretary; and
- Susan Park - Joint Company Secretary.

### 5.2 Davyhurst Gold Project

The Davyhurst Gold Project is located 120km northwest of Kalgoorlie on the historical Davyhurst townsite. Ora Banda's landholding comprises 80 granted tenements which cover an approximate area of 1,100km<sup>2</sup> and more than 120km of mineralised strike. In June 2020, Ora Banda completed a Definitive Feasibility Study (**'DFS'**) with a declared Ore Reserve position to be mined over five years, predominately from open cut mining, combined with a single underground mine. Open pit mining commenced in the December quarter of 2020 with underground mining and processing activities commencing in the March quarter of 2021.

The Davyhurst Gold Project includes a centrally located 1.2 million tonnes per annum (**'Mtpa'**) conventional carbon in pulp (CIP) processing facility (**'the Davyhurst Processing Plant'**), two accommodation villages providing 220 rooms, administration and workshop buildings, and a large water bore field. The project areas are accessed from Kalgoorlie via the Goldfields Highway, and a collection of unsealed shire roads and private mine haul roads. Airstrips are located at the Callion and Riverina-Mulline project areas.

In April 2022, the Company initiated the Operational Reset Plan (**'ORP'**) following a strategic review that aimed to address production and cost performance issues. The ORP is a two-stage strategy that aims to consolidate Ora Banda's operations, cut costs and focus on cash generation over the following 24 months.

In August 2022, the Company announced a three-year strategy to create value. A key arm of this strategy is to create value by focussed exploration targeting of high-grade underground resources, thereby adding to the potential to increase production above 100,000 oz per annum by 2025. This strategy led to the doubling of the Riverina Underground Project's mineral resource and the declaration of a maiden ore reserve position as announced on 16 February 2023. The Company's Board of Directors approved the development on the Riverina Underground Project in March 2023.



### Central Davyhurst

The Central Davyhurst project area is located within a 5km radius of the Davyhurst Processing Plant. Central Davyhurst hosts some of the largest deposits within Ora Banda's landholding, including Waihi, Lights of Israel and Golden Eagle. The Company completed operations at the Golden Eagle underground mine in early January 2022, and subsequently evaluated the underground mine and the open pit as a potential In-pit Tailings Storage Facility ('In-Pit TSF'). Tailing deposition commenced in January 2023, with In-Pit TSF set to receive tailing products for the following six years. The In-Pit TSF provides a material capital saving to the Project over the previously deployed paddock style tailings storage facilities.

The LOI Complex comprises the Lights of Israel, Great Ophir and Makai deposits, all of which sit in close proximity to one another and have previously been in production. All lodes remain open down plunge and remain high priority exploration targets for the Company.

### Riverina-Mulline

The Riverina area is located approximately 48km north of the Davyhurst Processing Plant, with the Mulline Trend Area situated approximately 5km to its southwest. Within the greater Riverina-Mulline project area, gold resources have been defined at the Riverina, Riverina South, Silver Tongue, Forehand, Sunraysia and Lady Gladys deposits. There is an existing haulage road network between Davyhurst and Riverina. In early May 2022, the Company suspended operations at the Riverina open pit mine to instead focus on the Missouri open pit mine. This decision forms part of the Company's ORP.

In August 2022, Ora Banda prioritised the drilling of the Riverina Underground Project in line with the Drive to 100 Strategy. In March 2023, the Company announced the updated results from a 46-hole, 13,046 metres Phase 1 diamond drill program which greatly enhanced underground mining potential of this deposit. An updated mineral resource and the declaration of a maiden ore reserve position for the Riverina Deposit was announced on 16 February 2023. The Company's Board of Directors approved the development on the Riverina Underground Project in March 2023. The Company is continuing to explore the Riverina-Mulline mineralised complex..

The Company believes they are in the early stage of progressing the Riverina mineralised complex and continues to actively explore this area.

### Siberia

The Siberia project area, located 37km southeast of the Davyhurst Processing Plant, comprises the historically developed Sand King, Missouri, Palmerston-Camperdown, Bewick-Moreing and Theil Well open pits. During the June quarter of 2021, mining operations commenced at Missouri open pit. As part of the ORP, Ora Banda's mining operations have been streamlined through the rationalisation of earth-moving equipment by concentrating on mining at the Missouri open pit. Ore recovered from the open pit mining operations at Missouri is currently being supplemented with ore from existing surface stockpiles.

In January 2022, the Company commenced stage 1 pre-stripping works at the Sand King open pit mine. However, the pre-strip works have since been deferred to allow the Company to solely focus on the Missouri open pit mine.

The Company has a declared ore reserve position on the Sand King mine which is situated 800 metres north of Missouri. The Company intends to commence mining operations at Sand King in late 2023 as operations at the Missouri mine begin to wind down.

### Callion

The Callion project area is located approximately 13km southwest of the Davyhurst Processing Plant. The project area includes the main Callion deposit, which has a defined mineral resource. Evaluation of the Callion deposit continues as the Company searches for an additional underground mining centre.

In May 2022, the Company identified five new drill targets in the Greater Callion project area through fresh mapping and rock chip sampling. The Company aims to test these targets in the near term.

### Walhalla

The Walhalla project area is located 15km south of the Davyhurst Processing Plant and represents the southerly extension of the Round Dam Trend. Gold resources have been historically defined at Federal Flag, Walhalla North, Walhalla, Mt Banjo, Macedon and Salmon Guns. This area remains a high priority exploration project for the Company.

### Lady Ida

The Lady Ida project area is approximately 55km south of the Davyhurst Processing Plant and hosts the Iguana, Blue Tongue and Lizard open-cut deposits. As detailed below, Ora Banda has entered into separate agreements to sell non-core tenements at the Lady Ida project area to Beacon Minerals, and to Lamerton and Geoda, subject to Hawke's Point's consent. Ora Banda will retain all non-gold rights over the tenements subject to the sale agreements.

## 5.3 Recent Corporate Events

### Funding Raising

On 8 June 2021, Ora Banda announced it had received firm commitments from professional and sophisticated investors to raise \$21 million through issuing 124 million new fully paid ordinary shares at an offer price of \$0.17 per share.

On 5 July 2021, the Company announced the completion of the Share Purchase Plan ('SPP') that accompanied the June 2021 capital raising. A total of \$0.75 million was raised before costs from the issue of 4,382,393 fully paid ordinary shares. Proceeds of the June 2021 capital raise and SPP were used to fund definition and reserve replacement, maiden reserves work, regional exploration, ramp up costs and working capital for the Davyhurst Gold Project.

On 18 August 2021, the Company issued 588,236 fully paid ordinary shares to David Quinlivan, a non-executive director at the time, in connection with his participation in the raising announced in June 2021.

On 22 February 2022, Ora Banda announced its intention to raise up to \$20 million comprising an institutional placement of up to \$5 million and underwritten 4-for-12 accelerated non-renounceable entitlement offer to raise approximately \$15 million, at an issue price of \$0.05 per fully paid ordinary share. In total, \$19.99 million was raised before costs with the shares issued in three tranches.

On 27 March 2023, the Company announced it had received binding commitments for a two-tranche placement of fully paid ordinary shares to raise up to \$30 million. The placement will comprise the issue of up to 267,110,668 fully paid ordinary shares at an issue price of 11.25 cents each, representing a 13.5% discount to Ora Banda's last traded price on 22 March 2023 of \$0.13 and a 9.9% discount to the 15-day volume weighted average share price up to 22 March 2023. Hawke's Point has committed to subscribing for \$8 million and board members for \$1.2 million, subject to shareholder approval. The proceeds from the capital raising will be used to fund the estimated cost of capital of the Riverina Underground Project.

### Sale of Assets

On 13 September 2021, the Company announced that it had entered a formal agreement with Red Dirt Minerals Limited (formerly TNT Mines Limited) to acquire 100% of the issued capital in Mt Ida Gold Pty Ltd ('Mt Ida Gold'), a wholly owned subsidiary of Ora Banda. Mt Ida Gold is the holding company of the Mt Ida Gold Project, which comprises 9 tenements in the historical Mt Ida gold mining district located approximately 100km northwest of Menzies in the WA Goldfields. On 24 September 2022, the Company announced that the sale had been completed and they received a payment of \$11.04 million before costs.

On 16 March 2023, Ora Banda announced that it had entered into a sale agreement with Lamerton and Geoda for the sale of non-core Lady Ida tenements for a total consideration of \$10 million. The tenements include M16/0262, M16/0263, M16/0264, L15/224, L16/58, L16/62 and L16/103 and applications for L16/138 and L16/142. Upon Ora Banda's receipt of the \$10 million, the purchasers will be granted the rights to explore for and mine gold and silver in respect of the tenements sold.

On 21 March 2023, the Company announced that it had entered a sale agreement with Beacon Minerals, through its wholly owned subsidiary, for \$2.5 million for its non-core Lady Ida Exploration tenements. The tenements include E16/475, E16/483, E16/484 and E16/486. Ora Banda is to retain all non-gold/silver mineral rights over the sale tenements. The sale agreement includes a condition precedent which requires Hawke's Point to release the sale tenements from the Royalty.

## 5.4 Consolidated Statement of Financial Position

Consolidated Statement of Financial Position	Reviewed as at 31-Dec-22 \$'000	Audited as at 30-Jun-22 \$'000	Audited as at 30-Jun-21 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	22,211	27,755	24,220
Receivables and other assets	1,715	1,236	1,396
Inventories	13,293	16,164	20,312
Prepayments	1,736	887	639
<b>TOTAL CURRENT ASSETS</b>	<b>38,955</b>	<b>46,042</b>	<b>46,567</b>
<b>NON-CURRENT ASSETS</b>			
Receivables and other assets	2,616	2,616	3,085
Exploration, evaluation and development	22,555	21,162	58,538
Property, plant and equipment	17,688	18,142	36,863
Right-of-use assets	7,530	12,417	27,455
Investments	363	363	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>50,752</b>	<b>54,700</b>	<b>125,941</b>
<b>TOTAL ASSETS</b>	<b>89,707</b>	<b>100,742</b>	<b>172,508</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	24,104	19,537	21,050
Lease Liabilities	8,530	13,547	9,178
Provisions	1,876	1,523	1,036
Borrowings	10,149	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>44,659</b>	<b>34,607</b>	<b>31,264</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	-	50	75
Lease Liabilities	6,462	10,793	18,010
Provisions	20,650	20,457	21,142
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>27,112</b>	<b>31,300</b>	<b>39,227</b>
<b>TOTAL LIABILITIES</b>	<b>71,771</b>	<b>65,907</b>	<b>70,491</b>
<b>NET ASSETS</b>	<b>17,936</b>	<b>34,835</b>	<b>102,017</b>
<b>EQUITY</b>			
Share capital	463,778	463,299	443,696
Reserves	3,664	2,749	2,871
Other contributed equity	2,591	-	-
Accumulated losses	(452,097)	(431,213)	(344,550)
<b>TOTAL EQUITY</b>	<b>17,936</b>	<b>34,835</b>	<b>102,017</b>

Source: Ora Banda's Consolidated Statement of Financial Position as at 30 June 2021, 30 June 2022, and 31 December 2022.

### Commentary on Consolidated Statements of Financial Position

- Cash and cash equivalents decreased from \$27.76 million as at 30 June 2022 to \$22.21 million as at 31 December 2022. The decrease of \$5.54 million was primarily the result of a net outflow from mining operations (payments to suppliers and employees of \$71.23 million and receipts from customers of \$64.64 million), repayment of lease liabilities of \$5.17 million and payments for mine development expenditure of \$4.94 million. This was partially offset by proceeds from borrowings of \$12.74 million, which relate to the initial Funding Package.
- Inventories of \$13.29 million as at 31 December 2022 comprises materials and supplies, ore stockpiles, and gold in circuit.
- Exploration, evaluation and development assets of \$22.56 million as at 31 December 2022 comprises capitalised expenditure on areas of interest of \$10.05 million during the development phase and \$12.51 million during the production phase. Exploration, evaluation and development assets decreased from \$58.54 million as at 30 June 2021 to \$21.16 million as at 30 June 2022, primarily due to the impairment of all mine development expenditure associated with Riverina open pit mine and other production assets.
- Property, plant and equipment of \$17.69 million as at 31 December 2022 relates to motor vehicles, buildings and infrastructure, plant & equipment and capital WIP. Property, plant and equipment decreased by almost half from \$36.86 million as at 30 June 2021 to \$18.14 million as at 30 June 2022. The decrease is primarily the result of a capitalised impairment expense of \$17.03 million as a result of assessed impairment indicators including:
  - 24% reduction in expected gold production against initial FY22 guidance;
  - significant increases to the risk free rate underpinning the applicable discount rate, increasing inflation rates and other cost pressures including significant increases in the diesel price; and
  - quotes market capitalisation of Ora Banda was lower than its net asset carrying value before the recognition of any impairment losses.
- Right-of-use assets of \$7.53 million as at 31 December 2022 comprises mining, power generation and other equipment leased by the Company for the purposes of production and other exploration activities. Right-of-use assets decreased from \$27.46 million as at 30 June 2021 to \$12.42 million as at 30 June 2022, primarily due to an impairment charge of \$11.99 million.
- Current trade and other payables of \$24.10 million as at 31 December 2022 comprises trade payables of \$12.18 million, accruals of \$9.51 million and other payables of \$2.41 million.
- Borrowings of \$10.15 million as at 31 December 2022 relates to the funding received from Hawke's Point. On 23 December 2022, the Company received proceeds of \$12.74 million in relation to the Funding Package. The balance of \$10.15 million reflects the fair value of the Funding Package. Other contributed equity of \$2.59 million as at 31 December 2022 represents the difference between the fair value of \$10.15 million and the book value of the proceeds of \$12.74 million.
- Non-current provisions of \$20.65 million as at 31 December 2022 comprises provisions for mine rehabilitation of \$20.0 million and restoration of \$0.65 million, whilst current provisions of \$1.88 million as at 31 December 2022 comprises annual and long service leave provisions, and a rehabilitation provision.

## 5.5 Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half year ended 31-Dec-22 \$'000	Audited for the year ended 30-Jun-22 \$'000	Audited for the year ended 30-Jun-21 \$'000
Revenue	65,585	154,261	25,115
Cost of sales	(74,037)	(151,146)	(25,938)
<b>Gross profit</b>	<b>(8,452)</b>	<b>3,115</b>	<b>(823)</b>
Other income	1,986	82	44
General and administration expenses	(6,636)	(10,748)	(10,904)
Exploration and evaluation expenses	(3,126)	(6,121)	(6,125)
Impairment expense	-	(77,797)	-
Other operating expenses	(4,493)	(7,919)	(3,942)
<b>Operating loss</b>	<b>(20,721)</b>	<b>(99,388)</b>	<b>(21,750)</b>
Gain on sale of subsidiary	-	12,448	-
Finance income	140	20	88
Finance expense	(657)	(1,016)	(622)
<b>Loss before income tax</b>	<b>(21,238)</b>	<b>(87,936)</b>	<b>(22,284)</b>
Income tax (expense)/benefit	-	-	-
<b>Total comprehensive loss for the year</b>	<b>(21,238)</b>	<b>(87,936)</b>	<b>(22,284)</b>

Source: Ora Banda's Consolidated Statement of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2021, 30 June 2022, and the half-year ended 31 December 2022.

### Commentary on Consolidated Statement of Profit or Loss and Other Comprehensive Income

- Revenue increased from \$25.12 million for the year ended 30 June 2021 to \$154.26 million for the year ended 30 June 2022, which primarily relate an increase in mining operations and related sale of gold. Revenue was \$65.59 million for the half-year ended 31 December 2021 which relates to the sale of 25,432 oz of gold at an average price of \$2,576/oz and 4,336 oz of silver at an average price of \$30.89/oz.
- Cost of sales increased from \$25.94 million for the year ended 30 June 2021 to \$151.15 million for the year ended 30 June 2022. This increase is a result of an increase in mining and processing costs of \$70.38 million, amortisation and depreciation of \$35.18 million, employee benefits expense of \$16.64 million and royalties of \$3.0 million. Cost of sales for the half-year ended 31 December 2022 were \$74.04 million.
- Other income for the half-year ended 31 December 2022 of \$1.99 million relates to a gain from the disposal of right-of-use assets.
- General and administration expenses of \$6.64 million for the half-year ended 31 December 2022 primarily relates to administration and corporate costs, employee benefit expenses and share based payments. General and administration expenses over the years ended 30 June 2021 and 30 June 2022 have remained relatively stable.
- The Company incurred an impairment expense of \$77.79 million during the year ended 30 June 2022 which relates to mine development expenditure at the Riverina mine and other production

assets, property, plant and equipment, and right-of-use assets as detailed in Section 5.4 of this report

- The Company recognised a gain on disposal of \$12.45 million in the year ended 30 June 2022 which relates to the sale of Mt Ida Gold for cash consideration of \$11.04 million including the disposal of the rehabilitation provision of \$2.29 million.

## 5.6 Capital Structure

The share structure of Ora Banda as at 6 April 2023 is outlined below:

	Number
Total ordinary shares on issue	1,610,880,914
Top 20 shareholders	1,282,772,516
Top 20 shareholders - % of shares on issue	79.63%

Source: Provided by Ora Banda Management.

The range of shares held in Ora Banda as at 6 April 2023 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	289	52,056	0.00%
1,001 - 5,000	458	1,466,282	0.09%
5,001 - 10,000	413	3,259,375	0.20%
10,001 - 100,000	1,294	52,418,576	3.25%
100,001 - and over	554	1,553,684,625	96.45%
<b>TOTAL</b>	<b>3,008</b>	<b>1,610,880,914</b>	<b>100.00%</b>

Source: Provided by Ora Banda Management.

The ordinary shares held by the most significant shareholders as at 6 April 2023 are detailed below:

Name	No. of Ordinary Shares	Percentage of Issued Shares (%)
Citicorp Nominees Pty Ltd	657,516,223	40.82%
HSBC Custody Nominees (Australia) Limited	265,364,808	16.47%
Mr Hendricus Indrisie	52,564,191	3.26%
Luke Andrew Creagh	50,000,000	3.10%
<b>Subtotal</b>	<b>1,025,445,222</b>	<b>63.66%</b>
Others	585,435,692	36.34%
<b>Total ordinary shares on Issue</b>	<b>1,610,880,914</b>	<b>100.00%</b>

Source: Provided by Ora Banda Management.

We note that Citicorp Nominees Pty Ltd is the registered holder for the Hawke's Point Group's securities. As at the date of our Report, the Hawke's Point Group holds 622,230,559 ordinary shares and a 38.63% interest.

The most significant option and performance rights holders of Ora Banda as at 4 April 2023 are outlined below:

Description	No. of Options/Rights	Expiry Date
Unlisted short-term incentive performance rights	613,435	30-Jun-26
Unlisted long-term incentive performance rights	27,852,964	30-Jun-26
Unlisted options with various exercise prices	23,882,388	Various Dates
Unlisted short-term incentive performance rights issued to Managing Director	8,571,429	22-Dec-27
Unlisted long-term incentive performance rights issued to Managing Director	11,428,572	22-Dec-27
Unlisted performance rights issued to Managing Director	50,000,000	22-Dec-27
<b>Total number of options and performance rights</b>	<b>122,348,788</b>	

Source: Ora Banda's Application for Quotation of Securities announced 4 April 2023.



## 6. Profile of Hawke's Point

As at the date of our Report, the Hawke's Point Group holds a 38.63% interest in the Company, and as such, we have presented an overview of Hawke's Point.

### 6.1 Overview

Established in 2014, Hawke's Point is an asset management business that provides capital to companies in the mining and resource sectors. Hawke's Point is based in London and New York and is currently invested in gold and battery metal assets located in North America and Australia. As at 31 December 2022, Hawke's Point has \$66 million assets under management. Hawke's Point forms part of TFG Asset Management, the investment management business of Tetragon Financial Group Limited. Hawke's Point initially invested in Ora Banda in February 2018.

Hawke's Points current portfolio managers are:

- Scott Marsh;
- Erik Caspersen; and
- Pim Kalivaart.

Hawke's Point other current investments include:

- Magna Mining Inc, a base metal exploration and development company based in Sudbury, Canada; and
- Rox Resources Limited, a gold exploration and development company based in WA.

## 7. Economic analysis

Ora Banda will primarily be exposed to the risks and opportunities of the Australian market through its operations and its listing on the ASX. As such, we have presented an analysis on the Australian economy.

### 7.1 Australia

In its April 2023 Monetary Policy Decision, the Reserve Bank of Australia ('RBA') stated that growth over the next couple of years is expected to be below trend, with the combination of heightened interest rates, cost-of-living pressures and a decline in housing prices leading to a substantial deceleration in household spending. Australia's gross domestic product ('GDP') is expected to ease to around 1.5% over 2023 and 2024 as global economic growth slows.

The rebound from the COVID-19 pandemic waned throughout 2022, contributing to a slowdown in the global economy. Like many advanced economies, high inflation and energy prices have weighed on demand in Australia. In addition, in 2023 and 2024, it is anticipated that GDP growth in Australia's key trading partners will remain substantially below historical norms. However, downside risks to growth in the major global economies have lessened in recent months helped by China's reversal of its COVID-19 measures in December 2022, which has diminished such risks and stabilised the supply chain recovery trajectory.

Inflation was 7.8% over the 2022 calendar year, the highest year-end inflation figure since 1990, and significantly higher than the RBA's inflation target of 2-3%. However, the RBA has stated that the monthly consumer price index indicator suggests that inflation has peaked in Australia, with goods price inflation expected to moderate over the months ahead. As a result, the central forecast is for inflation to decline over 2023 and 2024 before returning to the upper end of target levels by mid-2025.

The RBA has executed monthly cash rate rises at each of its meetings since May 2022, with the most recent rise in March 2023 taking the cash rate to 3.60%. In its April 2023 meeting, the RBA decided to hold interest rates steady to provide additional time to assess the impact of the increase in interest rates to date and the economic outlook. However, the RBA anticipates further tightening of monetary policy will be needed to ensure that inflation returns to target and that this period of high inflation is only temporary.

The ASX 200 index had risen approximately 2.8% over the year to early March April 2023. The recent banking system crisis in the United States and Switzerland has resulted in volatility in financial markets and a reassessment of the outlook for global interest rates. These problems are also expected to influence tighter financial conditions, forming an additional headwind for the global economy. However, the RBA considers the Australian banking system to be strong, well capitalised and highly liquid. It is, therefore, well placed to provide the credit that the economy needs.

The RBA's balance sheet remains large by historical standards, reflecting the monetary policy measures introduced in response to the COVID-19 pandemic. Since November 2022, the size of the balance sheet remains little changed and as at end of March 2023 stood at around \$638 billion. However, the RBA's balance sheet is expected to decline over the coming years as funding provided under the Term Funding Facility and the RBA's government bond holdings mature.

The labour market remains notably tight, with the unemployment rate around 3.5%, close to a 50 year low. Both job vacancies and job advertisements are at high levels but have fallen recently.

Notwithstanding, many firms continue to express difficulty hiring workers, although some report an easing

in labour shortages, as job vacancies have plateaued in recent months. As economic growth slows, the unemployment rate is expected to rise, reaching 4.5% by mid-2025.

Wage growth has accelerated, particularly in the private sector, in response to the tight labour market. As a result, wages growth is predicted to increase further over the course of 2023. The RBA remains alert to the risk of a prices-wages spiral, given the limited spare capacity in the economy and the historically low rate of unemployment, and will continue to pay close attention to both the evolution of labour costs and the price-setting behaviour of firms.

### Outlook

Economic growth in Australia is forecast to be hampered by rising interest rates, higher living costs and declining real wealth. As a result, the forecast declining trajectory of inflation in Australia remains uncertain and the high inflation environment is expected to continue weighing on real household incomes. The composition of inflation in Australia is also likely to shift, with higher inflation expected in more persistent and non-discretionary items, such as rent, in the coming years. However, despite inflationary concerns, aggregate household incomes have been sustained by solid labour demand, which has underpinned the health of household balance sheets. Although the balance of risks has improved in recent months, the pathway forward remains uncertain, with upside and downside scenarios equally plausible.

Resource exploration and development companies are not immune to the effects of inflation, with rising drilling and corporate costs impacting the level of capital required to fund exploration programs. Additionally, a tight labour market may make it more difficult for explorers to source labour and advance exploration.

Source: [www.rba.gov.au](http://www.rba.gov.au) Statement by Phillip Lowe, Governor: Monetary Policy Decision dated 4 April 2023 and prior periods, [www.rba.gov.au](http://www.rba.gov.au) Statement on Monetary Policy February 2023 and prior periods, and BDO analysis.

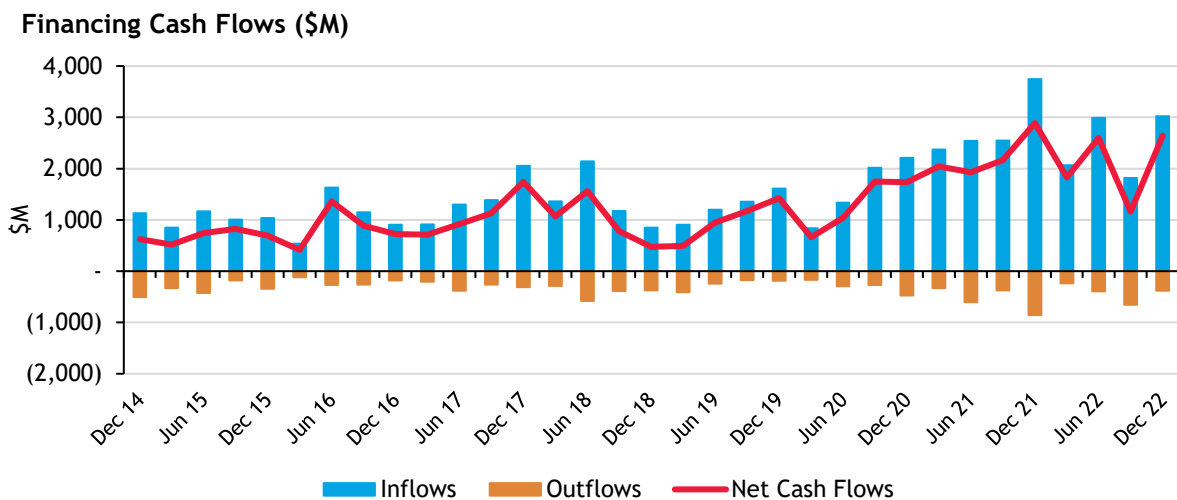
## 8. Industry analysis

Ora Banda operates in the gold mining industry with operations in exploration. As such, we have presented an industry analysis on the Australian exploration sector, as well as an industry analysis on the gold mining industry

### 8.1 Exploration sector

BDO reports on the financial health and cash positions of ASX-listed exploration companies based on the quarterly Appendix 5B reports lodged with the ASX. ASX-listed mining and oil and gas exploration companies are required to lodge an Appendix 5B report each quarter, outlining the company’s cash flows, their financing facilities available and management’s expectation of future funding requirements. BDO’s report for the December quarter of 2022 suggests that explorers remain in good stead, with financing inflows bouncing back from a temporary lull in the September 2022 quarter. Further, investment and exploration spending remained at some of the highest levels observed since BDO commenced its analysis in June 2013.

Financing cash inflows for the December 2022 quarter totalled \$3.02 billion, representing a 66% increase from the previous quarter. The return of strong financing inflows in the quarter indicates that funds are still flowing readily into the sector and suggests that the “dip” in the September 2022 quarter was a temporary adverse reaction to the tightening of capital markets amidst global inflationary pressures and overall global economic uncertainty.

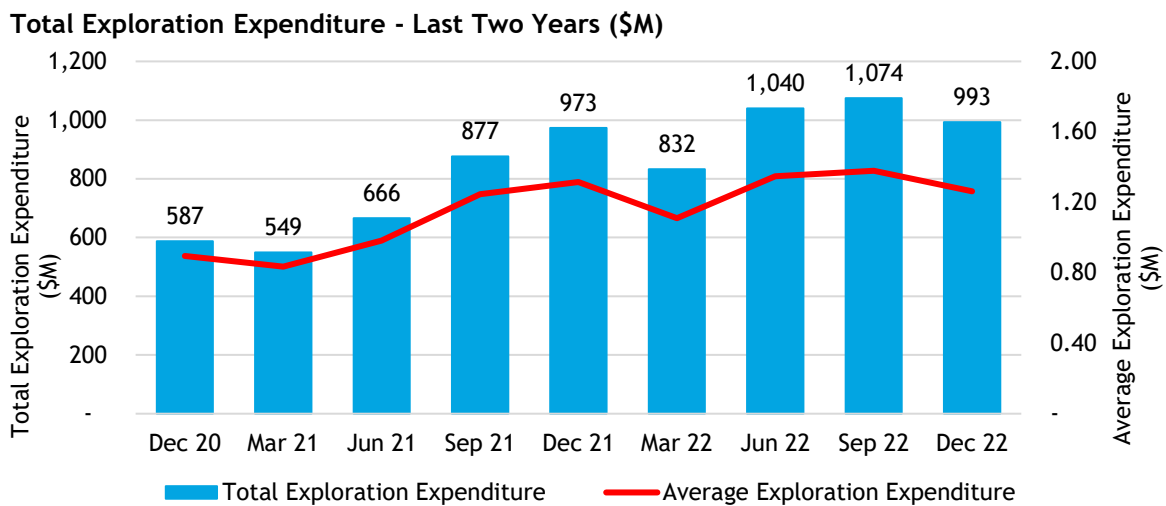


The strength in financing inflows in the December 2022 quarter was largely underpinned by large fund raisings of \$10 million or more, which made up 76% of the total funds raised by the sector. Within these fund raisings, gold explorers raised the most funds over the December 2022 quarter as growing inflation, geopolitical uncertainty and market volatility continued to drive demand. Lithium explorers also proved their ability to attract funding in the December 2022 quarter, demonstrating the continued market appetite for battery mineral investments. BDO also observed other energy transition metals such as rare earths, graphite, cobalt, uranium and nickel being prominent in capital raisings in 2022, supported by favourable investor sentiment and supply concerns.

Explorers’ cash positions declined marginally despite the increased level of financing cash flows in the December 2022 quarter, with the average cash balance declining from \$11.4 million in the September

2022 quarter to \$11.1 million. However, the overall cash position still remained strong with 84% of exploration companies reporting a cash balance of over \$1 million as at 31 December 2022, which is still significantly above the 63% average since the commencement of BDO's analysis in the June 2013 quarter.

Total exploration expenditure receded from the record \$1 billion spend in the June and September quarters of 2022, but only slightly. Although the December 2022 quarter's \$993 million exploration spend represented an 8% decrease from the September 2022 quarter, it remained 20% higher than the two-year average of \$825 million. In addition, the average exploration spend per company has ranged between \$1.26 million and \$1.38 million over the last three quarters, representing continued strength in exploration activity with explorers investing at historically high levels and taking advantage of the favourable capital raising conditions since late 2020.



The top ten exploration spending companies comprised four oil and gas companies, three gold companies, two lithium companies and one nickel-copper company. Recent funding towards battery mineral companies has translated into a rise in exploration spending as electric vehicle manufacturers aim to secure the raw materials required as part of the widespread electrification of global transport.

Results from the December 2022 quarter show that compared to historical levels, exploration companies broadly are still well funded and exploration activity remains strong. Commodities like gold, oil and gas, lithium, nickel and rare earth metals have continued to attract investor funding amidst the adverse impact of rising interest rates, inflation and geopolitical uncertainty. This broadly illustrates that the global need for a secure and sustainable supply of energy transition resources has outweighed the current economic circumstances, which places the Australian mining sector in a favourable position.

Source: BDO Explorer Quarterly Cash Update: December 2022 and prior releases.

## 8.2 Gold

Gold is a soft malleable metal which is highly desirable due to its rarity, permanence, and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however more recently, there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine, and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe haven investment during periods of economic uncertainty.

The nature of the ore deposit determines the mining and mineral processing techniques applied. Gold contained in oxide ore deposits are typically of low grade and are simple to extract and readily amenable by cyanidation. Consequently, highly disseminated gold can be contained within sulphide minerals which require mining, crushing, grinding and to be followed by gravity separation to recover the gold, subject to flotation to concentrate the sulphide mineral fraction containing the gold. Inherently, the costs associated with the treatment of oxide ore are significantly less than of sulphide ores.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the recent historical supply of gold is provided in the table below:

Gold supply (tonnes)	2017	2018	2019	2020	2021	2022
Mine production	3,573	3,655	3,594	3,474	3,570	3,612
Net producer hedging	(26)	(12)	6	(39)	(23)	(2)
Recycled gold	1,112	1,132	1,276	1,293	1,136	1,144
<b>Total supply</b>	<b>4,660</b>	<b>4,775</b>	<b>4,876</b>	<b>4,728</b>	<b>4,683</b>	<b>4,755</b>

Source: World Gold Council 2022 Statistics, 31 January 2023

Historically, the price of gold is negatively correlated to the prices of other asset classes during times of uncertainty and financial crises. Growing uncertainty on the back of the COVID-19 outbreak caused the price of gold to rally, as investors demanded the high liquidity that gold provides.

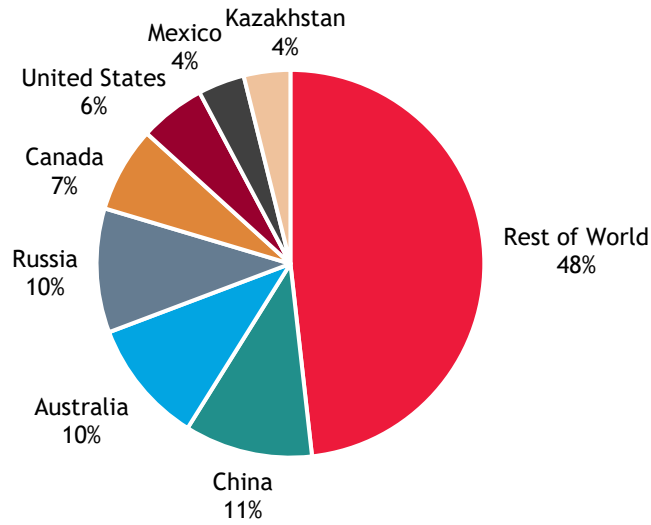
The World Gold Council expects that the interplay between financial uncertainty, rising interest rates, high inflation, weakening global economic growth and gold price volatility will continue to drive gold demand in the near term.

### Gold ore mining trends

Gold ore mining is a capital intensive and high-cost process, which becomes increasingly difficult and more expensive as the quality of ore reserves diminish. The industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short term as a result of industry operators' inability to significantly alter cost structures once a mine commences production.

The gold industry is geographically diverse as China, Australia and Russia lead global gold production. According to the USGS, total estimated global gold ore mined for 2022 was approximately 3,090 metric tonnes. The chart below illustrates the estimated global gold production by country for 2022.

### Gold Production by Country 2022

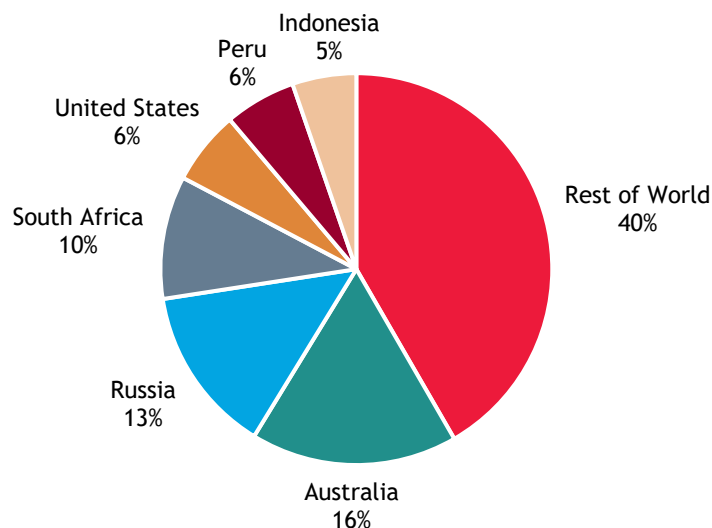


Source: 2023 USGS and BDO analysis

According to the World Gold Council, global gold production fell by 7% in 2021 following the prolonged effects of COVID-19 creating global investor uncertainty. The decrease in supply was hardest felt in the United States as production fell by 13%, whilst production also fell by 5% in Russia.

Despite China leading global gold production in 2022, Australia, Russia and South Africa hold the largest known gold reserves globally. As depicted below, the USGS estimates that collectively, these three countries account for approximately 39% of global gold reserves.

### Gold Reserves by Country 2022



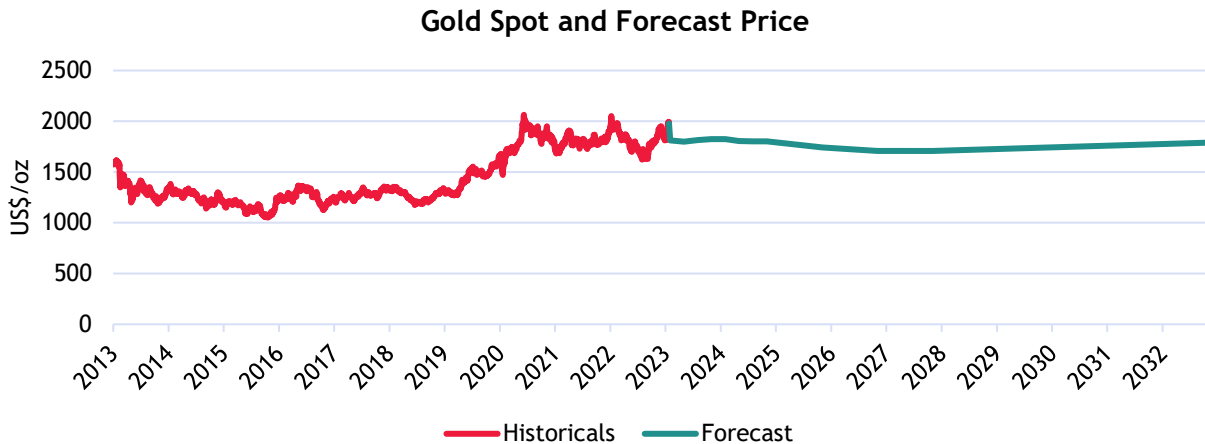
Source: 2023 USGS and BDO analysis

According to the 2023 USGS, Australia's gold reserves amount to 8,400 tonnes, representing 16% of global reserves and the largest percentage held by any one country. IBISWorld estimates domestic industry revenue will fall by an annualised 0.8% over the five-year period through to 2026-27, to approximately \$32 billion.

This is largely expected to be the result of a forecast decline in domestic gold prices and a stronger Australian dollar.

### Gold prices

The gold spot price since 2013 and forecast prices through to 2032 are depicted in the graph below.



Source: Bloomberg and Consensus Economics

The price of gold was around US\$1,500 at the start of 2013, before entering a declining trend. The downturn represented the beginning of a correction in the gold price, which had almost tripled in the two-year period prior to the European crisis in 2011. Over the period from 2014 through to 2019, the gold price fluctuated primarily between US\$1,100 and US\$1,400.

Gold prices fluctuated significantly throughout 2020. Demand for gold increased in response to the uncertainty created by the global spread of COVID-19, as investors prioritised safe haven assets. In late March 2020, the increasing demand for gold was interrupted by a panic selloff as investors began to realise their profits amidst the growing uncertainty caused by the crisis. Gold spot prices fell to a yearly low of US\$1,471, before rallying in late July and early August to exceed US\$2,000. The COVID-19 crisis was the primary driver of the gold price, as central banks injected trillions of dollars into financial markets and investors prioritised safe haven assets. Additionally, the prevailing low interest rate environment across 2020 increased access to capital, which further spurred investment in gold.

Through to early January 2021, the price of gold increased as a result of further fallout from the US Election, climbing back over US\$1,900 after remaining in the US\$1,800s through most of December 2020. For the rest of 2021, the price of gold traded between US\$1,600 and US\$1,900 as demand fluctuated throughout the year. Rising US treasury yields initially threatened gold's appeal as an inflation hedge by increasing the opportunity cost of holding the precious metal. However, concerns regarding the spread of the Delta variant increased gold's safe haven appeal, and subsequently, the price of gold climbed back above the US\$1,800 mark in early July 2021. This was quickly reversed in the following months as the US Federal Reserve signalled policy tightening sooner than anticipated which drove US treasury yields and a stronger US dollar. Towards the end of the year, gold prices significantly strengthened following the US Federal Reserve's announcement to reduce purchases of Government bonds and the release of US inflation data which revealed an annualised inflation rate of 6.2%, its highest level since 1990.



The invasion of Ukraine by Russia in February 2022 saw gold prices reach a 15-month high, with prices climbing above US\$1,900 and peaking at US\$2,039 during March, in response to a number of economic sanctions on Russia and the release of US inflation data which indicated an annualised inflation rate of 8.5%. In May 2022, the price of gold weakened to US\$1,800 following the US Federal Reserve's aggressive monetary tightening in an attempt to control rising inflation. On 26 September 2022, the price of gold was at its lowest since 30 April 2020 at US\$1,622. Since the low in September 2022, the gold price has been on a general incline, reaching US\$1,904 in mid-March 2023. According to Consensus Economics, the gold price rally from September 2022 is attributed to a combination of slowing US inflation, depreciation of the US dollar, and increased gold demand by central banks for reserve diversification. Given the current geopolitical climate, continued volatility of the gold price is expected for the short term.

In March 2023, Credit Suisse secured a \$54 billion USD bail out from the Swiss National Bank after poor performance lost the company 75% of its value in the 12 months prior. In the same month, federal regulators in the US closed Silicon Valley Bank when the lender was unable to meet demands from depositors for their money, as a result of having a high proportion of uninsured deposits invested in hold-to-maturity securities. According to Consensus Economics, the collapse of the two banks caused the gold price to increase to US\$1,923 as of 24 March 2023. The increased viability of gold as a hedge against current inflation and emerging market central banks continuing to purchase gold to diversify from the US dollar and US bonds have also contributed to the price hike.

Consensus Economics forecasts the price of gold to decline over the medium and long term but remain high in comparison to historical levels. Future price movements are expected to depend on interest rates, high inflation and the extent to which geopolitical risks resurface.

Source: Bloomberg, Consensus Economics, IBISWorld, World Gold Council and Reuters

## 9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

### 9.1 Value of adjustments to Funding Package

We must compare the cash Consideration of \$1.70 million received by Ora Banda to the incremental value of the adjustments to the Funding Package.

Given the Funding Package consists of the Loan and the Royalty, we have calculated the incremental increase in value of each constituent, Loan and Royalty, and added them together to determine the total incremental value of the adjustments to the Funding Package.

Different methodologies are appropriate in valuing particular companies or specific assets, based on the individual circumstances of that company or asset and available information. In our assessment of the value of the adjustments to the Funding Package we have chosen to employ the following methodologies:

- DCF methodology to calculate the net present value ('NPV') of the expected future cash flows of the Loan, specifically the cash flows resulting from the extension of the repayment date.
- DCF methodology to calculate the NPV of the expected future cash flows of the Royalty, specifically the cash flows resulting from the adjustment to the terms of the Royalty.

We have chosen these methodologies for the following reasons:

- The cash out flows associated with the Loan are considered definite and over a finite life, with the extended Loan repayment date set at 30 September 2024.
- The cash out flows associated with the Royalty are most suitably valued using a DCF approach given that the Royalty payments are directly linked to the production schedule of Ora Banda's mining assets with finite lives.

### 9.2 Value of the Royalty Security

For the purpose of assessing whether the Royalty Security is fair for Shareholders for the purposes of ASX Listing Rule 10.1, we have compared the value of the Security to be Provided to the value of the Liabilities to be Settled. We have undertaken this analysis by observing the various scenarios that may arise in comparing the Security to be Provided with the Liabilities to be Settled. Therefore, we do not consider it necessary or appropriate to value the Company or its assets. As such, the above methodologies are not utilised in forming our opinion.

## 10. Valuation of adjustments to the Funding Package

### 10.1 NPV of Loan maturity extension

On 21 December 2022, Ora Banda announced it has entered into the Loan with Hawke's Point under the original terms, whereby the \$11 million face value of the Loan would mature on 31 December 2023. Interest is accrued at 10% per annum if it is paid at the end of each quarter, or accrued at 14% if it is carried forward at the end of each quarter.

On 21 March 2023, Ora Banda announced it had entered into binding documentation with Hawke's Point to vary the Funding Package Deed. To raise further funds and improve its debt profile, Ora Banda and Hawke's Point have agreed to extend the Loan maturity date for a period of nine months from 31 December 2023 to 30 September 2024 to better align with Ora Banda's expected revenue window from the Riverina Underground Project.

#### Assumptions

We have made the following assumptions to determine the present value of the change to the terms of the Loan:

- Issue date of the Loan is 21 December 2022, being the date the Loan was originally announced to Shareholders;
- Given the variability in interest rates, depending on whether Ora Banda pays interest at each quarter's end or carries forward the interest accrued, we have run both scenarios:
  - Assuming an interest rate of 10% per annum and interest is paid at the end of each quarter and at maturity date; and
  - Assuming an interest rate of 14% per annum and interest is accrued and carried forward on the loan balance at the end of each quarter and total interest accrued is paid at the maturity date.
  - We note that Ora Banda can practically pay interest and carry forward interest in variable weightings throughout the life of the Loan, however, our analysis shows the full range of possible incremental value change from the adjustment of the terms of the Funding Package.
- Full face value of the Loan is drawn down on issue date to determine maximum possible incremental value uplift;
- Given the definitive nature of the cash flows, we have discounted the final interest payment at the respective maturity dates using the risk-free rate (Appendix 3) of 3.19%; and
- We have omitted cash flows associated with the face value of the Loan from our cash flows assessment.

#### Value of Loan maturity extension

To calculate the value of the Loan maturity extension we have completed the following steps:

- Determining the present value of the cash flows of the original Loan, maturing 31 December 2023;

- Determining the present value of the cash flows of the adjusted Loan, maturing 30 September 2024; and
- Comparing the above to determine the incremental value of the Loan portion of the Funding Package.

Based on the above facts and assumptions, we outline our valuation summary in the table below:

Value of Loan maturity extension	10% Interest Paid quarterly \$	14% Interest Carried Fwd quarterly \$
NPV of interest expense for original Loan	1,116,490	1,630,692
NPV of interest expense for extended Loan	1,906,074	2,900,485
<b>Incremental increase in value of Loan resulting from Funding Package</b>	<b>789,584</b>	<b>1,269,793</b>

Source: BDO analysis

As outlined in the table above, we consider the incremental increase in value of the adjusted Loan portion of the Funding Package to be in the range of \$0.79 million and \$1.27 million. We add this to the value of the adjusted Royalty in Section 10.3 to determine the entire value of the adjustment of terms in the Funding Package.

## 10.2 NPV of the adjustment to the terms of the Royalty

The management of Ora Banda has prepared a cash flow model summarising the projected production profile of Ora Banda’s mining assets and their current Ore Reserves and Residual Mineral Resources (**‘the Model’**). We have reviewed the Model and the material assumptions that underpin it.

BDO has made adjustments to the Model where it was considered appropriate to arrive at an adjusted model (**‘the Adjusted Model’**).

The Adjusted Model was prepared based on estimates of the production profile of Ora Banda’s mineral assets assumed to be processed through the Davyhurst Processing Plant. The main assumptions underpinning the Adjusted Model include:

- Mining and processing volumes;
- Ore Reserves and residual Mineral Resources included in the Adjusted Model;
- Commodity prices;
- Foreign exchange rates;
- Terms of the Royalty; and
- Discount rate

BDO has undertaken an analysis of the Model which has involved:

- analysing the Model to confirm its integrity and mathematical accuracy;
- held discussions with Ora Banda management, and undertook independent analysis of publicly available information, to confirm the reasonableness of the relevant inputs underpinning the Adjusted Model;

- conducted independent research on certain economic and other inputs such as commodity prices, exchange rates, inflation and the discount rate applicable to the future cash out flows associated with the Royalty; and
- performed sensitivity analysis on the cash flows resulting from the adjustment to the terms of the Royalty.

We have not undertaken a review of the cash flow forecast in accordance with the Standards on Assurance Engagement ASAE 3450 ‘Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information’ and do not express an opinion on the reasonableness of the assumptions or their achievability. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Model has been based have not been prepared on a reasonable basis.

### Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management’s actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Adjusted Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

### Economic assumptions

#### Inflation

We have applied inflation to future commodity prices that have been forecast further than our forecast gold prices have been modelled. We have used a long term inflation rate of 2.5%.

#### Gold prices

In forming our view of the forecast gold price, we have had regard to both historical gold price from Bloomberg as well consensus analyst views on forecast pricing, as published by Consensus Economics.

Based on our analysis, we have adopted the following nominal forecast gold price over the forecast period:

Gold price	2023	2024	2025	2026	2027	2028	2029	2030	2031+
Gold (US\$/oz)	1,900	1,850	1,775	1,725	1,700	1,725	1,750	1,775	1,800

Source: Consensus Economics, Bloomberg and BDO analysis

The forecast gold prices obtained from our research sources are quoted on a nominal basis up to and including 2031.

#### Foreign exchange rate

Gold prices obtained from our research are quoted in nominal USD terms. We have converted the gold prices from USD to AUD at the following forecast exchange rates for their respective calendar year (‘CY’) periods:

Exchange rates	2023	2024	2025	2026+
AUD/USD	0.68	0.70	0.70	0.70

Source: Bloomberg and BDO analysis

## Mining physicals

Current mining operations are taking place at the Missouri open pit. As part of the ORP, Ora Banda's mining operations have been streamlined through the rationalisation of earth-moving equipment by concentrating on mining at the Missouri open pit. Ore recovered from the open pit mining operations at Missouri will be supplemented with ore from existing surface stockpiles.

The production profile in the Adjusted Model assumes the current Ore Reserves will be fully depleted as per the following summary:

Ore Reserves depletion summary	koz Au
Reserves as of 30 June 2022	257
Remove Lady Ida	(107)
Remove Mined ounces July 22 to December 22	(21)
Remove forecast mining CY23	(60)
Add Riverina update	73
Remaining Reserves applicable to Royalty	142

Source: Ora Banda and BDO analysis

Additional commentary to complement the above table is set out below:

- most recent Ore Reserve and Mineral Resource statement released by Ora Banda as at 30 June 2022.
- As part of the sale of Lady Ida tenements, Ora Banda will lose access to 107koz of Ore Reserves.
- Ora Banda depleted its Ore Reserves by 21koz in the six months ended 31 December 2022
- Ora Banda is on track to mine approximately 60koz of its current Ore Reserves in CY23. Given the Royalty is only enforced after 31 December 2023, we have omitted any mining that is projected to take place before this date.
- The Company has recently announced that Riverina has increased its Ore Reserves by 73koz

We have also included the residual Mineral Resources in the production schedule by converting at historical ratios of conversion from Mineral Resources to Ore Reserve. Ora Banda has illustrated historical conversion from Mineral Resource to Ore Reserve at approximately 20%. Although it may be reasonable to assume that the conversion ratio of the current mineral assets will display diminishing returns, and convert at less than historical evidence, we consider it prudent to account for the projected drilling programs set out in Ora Banda's future plans that may discover additional Mineral Resources that are not included in our calculations.

The current residual Mineral Resources consist of approximately 644koz at 2.25g/t. We have included this in the Adjusted Model production profile at a base case conversion ratio to Ore Reserve of 20%. We have sensitised the conversion ratio in our sensitivity analysis outlined in the following sections.

The Company is currently showing a production run rate of approximately 60koz per annum, with recently announced projections to develop the current mining operations to increase production profile up to 100kozpa to be processed through the Davyhurst Processing Plant at 1.2Mtpa. Therefore, we have assumed a base case production of 60koz and sensitised the Royalty up to a production rate of 100kozpa. Further details of our sensitivity analysis are outlined in the following sections.

## Royalty

The terms of the Royalty are proposed to be adjusted as follows:

- increase the NSR payable from 0.9% NSR to 1.0% NSR over the same Ora Banda mineral assets, other than the tenements sold to Beacon Minerals, and Lamerton and Geoda;
- remove the production cap on the Royalty of 900,000 oz of pure gold, such that the Royalty is uncapped.

We have determined the incremental change in present value of the Royalty by completing the following steps:

- Determining the present value of the cash flows of the original Royalty;
- Determining the present value of the cash flows of the adjusted Royalty; and
- Comparing the above to determine the incremental value of the Royalty portion of the Funding Package.

## Discount rate

In our assessment of an appropriate discount rate to apply to the Royalty expense, we consider the most appropriate discount rate to be pre-tax weighted cost of capital ('WACC'). This is because the discount rate is to be applied to the Royalty expense which is derived from Ora Banda's projected revenue from operations.

We reviewed the WACC of ASX-listed gold explorers, developers and early-stage producers that have an exposure to the Australian gold mining industry. A detailed description of these companies is attached as Appendix 3.

We have selected a nominal pre-tax discount rate to be applied to the Royalty expense in the range of 14% to 18% per annum to discount the cash flows of the Royalty expense to their present value. We have used a rounded midpoint discount rate of 16.0% in our base case. We have sensitised this discount rate in the following section.

In selecting this range of discount rates, we have considered the following:

- The risk profile of Ora Banda as compared to the comparable companies identified; and
- The liquidity and trading activity of the comparable companies.

A detailed consideration of how we arrived at the adopted discount range is shown in Appendix 3.

## Sensitivity analysis

The valuation of the incremental value of the adjusted Royalty is sensitive to change in forecast commodity prices, foreign exchange rates, production profile, resource conversion and discount rate assumptions. Therefore, we have included a sensitivity analysis to consider the incremental value of the adjusted Royalty under various pricing scenarios and in applying:

- A discount rate in the range of 14% to 18%
- A change of +/- 10% to the gold price
- A change of +/- 10% to the AUD/USD exchange rate
- A production profile in the range of 20koz to 100koz of gold processed per annum
- A Resources to Reserves conversion ratio in the range of 10% to 30%

The following sensitivities have been prepared to assist Shareholders in considering the potential effects to the incremental value of the adjusted Royalty resulting from the Funding Package if our base case assumptions change:

Discount rate		Gold Price (USD)		AUD/USD		Gold processed		Reserves conversion	
%	\$	(+/-)%	\$	(+/-)%	\$	koz	\$	%	\$
18%	385,023	10%	443,976	10%	366,922	100	462,230	30%	465,195
17%	394,145	5%	423,795	5%	384,394	80	438,228	25%	436,285
16%	403,614	0%	403,614	0%	403,614	60	403,614	20%	403,614
15%	413,447	-5%	383,433	-5%	424,857	40	349,154	15%	370,351
14%	423,661	-10%	363,253	-10%	448,460	20	242,236	10%	332,545

Source: BDO analysis

In considering the above sensitivities, Shareholders should note the following:

- The variables described above may have compounding or offset effects and are unlikely to move in isolation;
- The variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- The sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e. variances could be greater than the percentage increases or decreases set out in this analysis).

Based on the above analysis we consider the incremental value increase of the Royalty resulting from the adjustments to the terms of the Funding Package to be in range of \$0.36 million and \$0.44 million, with a preferred value of \$0.40 million.

### 10.3 Assessment of Funding Package incremental value

We have totalled the sum of the incremental value adjustments to the Loan and Royalty in the table below:

	Low	Preferred	High
Assessment of Funding Package	\$m	\$m	\$m
Incremental value adjustment to the Loan	0.79	1.03	1.27
Incremental value adjustment to the Royalty	0.36	0.40	0.44
<b>Total value of Funding Package</b>	<b>1.15</b>	<b>1.43</b>	<b>1.71</b>

Source: BDO analysis

Therefore, we consider the total of the incremental value adjustments to the Funding Package to be in the range of \$1.15 million and \$1.710 million.

### 10.4 Value of Consideration

In Consideration for the adjustments to the Funding Package, Hawke's Point will pay Ora Banda \$1.70 million in cash. Given the nature of the consideration, we can assess the value of the Consideration to be \$1.70 million.



## **11. Valuation of the Security to be Provided and the Liabilities to be Settled**

### **11.1 Value of the Security to be Provided**

Ora Banda will provide Hawke's Point with a first ranking security interest over all the remaining mineral assets of the Company included under the Royalty Deed. In the event of default, Hawke's Point would only be entitled to recover an amount limited to the Outstanding Amount, rather than the entire proceeds arising from the sale of the Security.

Therefore, we do not need to consider the value of the Company or its assets for this purpose, as Hawke's Point will not receive an amount more than the value of the Liabilities to be Settled, in the event of default whereby Hawke's Point demands payment of the Outstanding Amount. As such, we consider the value of the Security to be Provided to be less than, or equal to, the value of the Liabilities to be Settled.

### **11.2 Value of the Liabilities to be Settled**

In the event of default, Hawke's Point may at any time, declare that the Outstanding Amount is immediately due and payable. Hawke's Point would therefore be entitled to seek repayment for the Outstanding Amount, via the sale of the Security. The nominal value of the Outstanding Amount represents the value of the Liabilities to be Settled.

## 12. Is the Proposed Transaction fair?

### 12.1 Are the adjustments to the Funding Package fair?

The value of the adjustments to the Funding Package and Consideration payable by Hawke's Point is compared below:

	Ref	Low \$m	Preferred \$m	High \$m
Value of adjustments to the Funding Package	10.3	1.15	1.43	1.71
Value of Consideration received	10.4	1.70	1.70	1.70

We note from the table above that the Consideration to be received from Hawke's Point to be greater than the low and preferred values of the adjustments to the Funding Package. We note the assumptions made under the high value of the adjustments to the Funding Package in Section 10 of this Report assume that Ora Banda makes no interest payments of the interest accrued at the end of any quarter over the life of the Loan, instead, accrue all interest payable and carry forward until being paid at maturity date. We consider this to be the most unlikely of the low, preferred and high scenarios given Ora Banda's current revenue generating mining activities and surplus cash balance show the Company is likely to be in a position to pay at least some of the interest payable in cash at the end of each quarter. Therefore, we consider that the Proposed Transaction is fair.

### 12.2 Is the Royalty Security fair?

As outlined in Section 11 of our Report, the Royalty Security is fair if the value of the Security to be Provided is equal to, or less than, the value of the Liabilities to be Settled. We have considered the various scenarios which could occur in the event that Ora Banda defaults on payment of the Royalty, which are outlined below.

In the scenario where the value of the Security to be Provided is greater than, or equal to the value of the Liabilities to be Settled, the Lender would only be entitled to recover an amount limited to the Outstanding Amount, and any excess amount would be retained by Ora Banda.

Furthermore, in the scenario where the value of the Security to be Provided is less than the value of the Liabilities to be Settled, the proceeds arising from the sale of the Security would be provided to the Lender as settlement for the Liabilities to be Settled.

These scenarios can be summarised as follows:

Scenario	Consequence	Fairness
Security to be Provided > Liabilities to be Settled	Security to be Provided = Liabilities to be Settled	Fair
Security to be Provided = Liabilities to be Settled	Security to be Provided = Liabilities to be Settled	Fair
Security to be Provided < Liabilities to be Settled	Security to be Provided < Liabilities to be Settled	Fair

Source: BDO analysis



Based on the above, the value of the Security to be Provided is equal to, or less than, the value of the Liabilities to be Settled in all scenarios. This means that the value of the financial benefit provided by Ora Banda to Hawke's Point, will always be equal to, or less than the value of the consideration being provided to Hawke's Point. Accordingly, in the event of default, Hawke's Point will only be entitled to an amount equal to, or less than the amount owing. Therefore, we consider the Proposed Transaction to be fair for Shareholders.

## 13. Is the Proposed Transaction reasonable?

### 13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Ora Banda a premium over the value resulting from the Proposed Transaction.

### 13.2 Consequences of not Approving the Proposed Transaction

#### Consequences

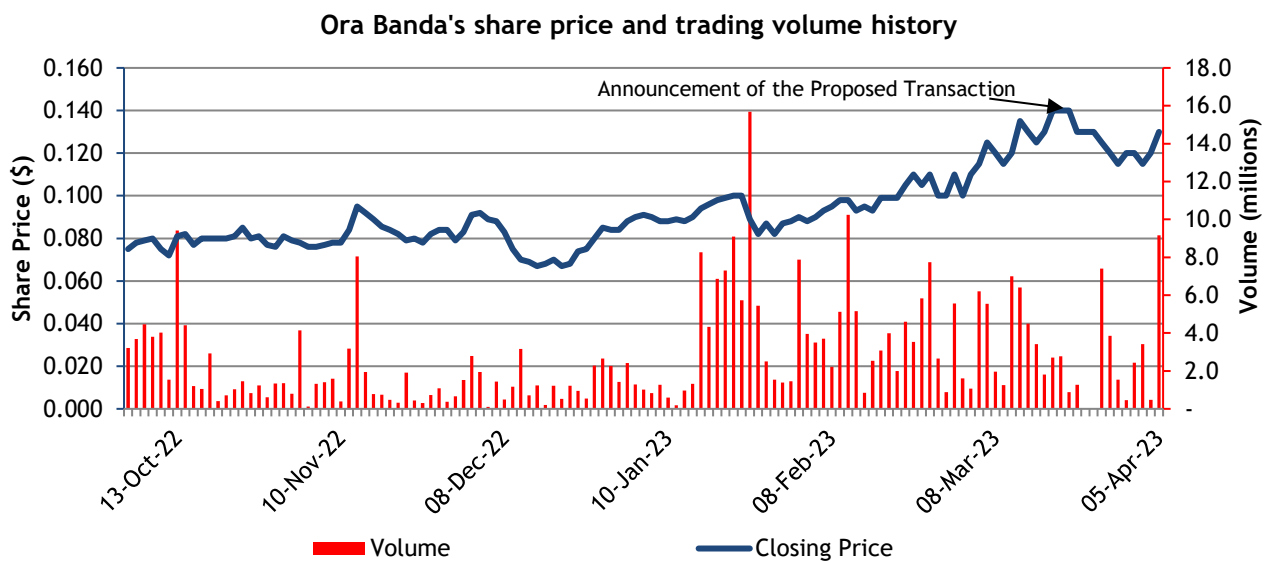
The Proposed Transaction is being undertaken as a source of funding to provide a portion of the working capital required by Ora Banda to fund its proposed pathway to positive cash flow generation via its mining operations. Without such sources of funding as the \$1.70 million and extension of the \$11.0 million Loan maturity date received as part of the Funding Package, Ora Banda would have to seek alternative sources of funding, such as equity markets and debt markets.

Any additional fund raisings through the equity markets may further dilute Shareholders' interest in the current portfolio of mineral assets held by Ora Banda, which may reduce Shareholders' upside were the Company to create value for Shareholders.

Given the current early production phase of Ora Banda's mining assets, additional debt funding may increase the risk profile of Ora Banda's beyond Shareholders' risk appetite. Any additional debt drawn down may demand high levels of interest accrued, reducing working capital available for the day-to-day operations of Ora Banda.

#### Potential impact on share price

We have analysed movements in Ora Banda's share price since the Proposed Transaction was announced. A graph of Ora Banda's share price and trading volume leading up to and following the announcement of the Transaction is set out below.



Source: Bloomberg

Over the post-announcement trading period, the share price of Ora Banda has ranged from a low \$0.115 over the three days from 27 March 2023 through to 29 March 2023, as well as 3 April 2023, to a high of \$0.135 on 5 April 2023. The highest days of trading was 27 March 2023 where 7,405,856 shares were traded and 5 April 2023 where 8,518,072 shares were traded, representing 0.46% and 0.53% of the Company's current issued capital, respectively.

The table below details the VWAP of Ora Banda shares for the 30-day period prior to and the 10-day period following the announcement of the Proposed Transaction on 21 March 2023.

Share Price per unit	21-Mar-23	30 Days Pre	10 Days Post
Closing price	\$0.140		
Volume weighted average price (VWAP)		\$0.110	\$0.122

Source: Bloomberg

Following the announcement of the Proposed Transaction, Ora Banda's share price increased from a VWAP of \$0.110 over the 30 days prior to the announcement of the Proposed Transaction to close at \$0.140 on 21 March 2023. The Company's VWAP over the 10 trading days following the announcement of the Proposed Transaction was \$0.122, representing a 12.9% decrease on the closing price of \$0.140 on the last trading day prior to the announcement of the Proposed Transaction.

Given the above analysis it is possible that if the Proposed Transaction is not approved then Ora Banda's share price may revert back to pre-announcement levels.

### 13.3 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

#### 13.3.1. The Proposed Transaction is fair

As set out in section 12, the Proposed Transaction is fair. RG 111.12 states that an offer is reasonable if it is fair.

#### 13.3.2. Loan maturity to align with Ora Banda's expected revenue window from the Riverina Underground Project

The extension of the Loan maturity from December 2023 to September 2024 better aligns with Ora Banda's expected revenue window from the Riverina Project, putting the Company in a stronger position to repay the debt by the maturity date. This provides the Company with greater cash flow flexibility over the next circa 18 months - a period over which the Company will be focused on planned drill programs and development of mineral assets to expand resources base of current mining operations and ready such projects as Riverina to enable Ora Banda to transition the operations to Ora Banda's next phase of mining within the Company's current suite of mineral assets.

#### 13.3.3. Proposed Transaction does not increase the risk of default

If not for the Proposed Transaction, Ora Banda would likely be required to source alternative sources of funding, such as debt markets.

Given the current early production phase of Ora Banda's mining assets, additional debt funding may increase the risk profile of Ora Banda beyond Shareholders' risk appetite, and beyond an appropriate debt

profile for operations such as Ora Banda's. Any additional debt drawn down may demand high levels of interest accrued, reducing working capital available for the day-to-day operations of Ora Banda and reduce the Company's cash flow flexibility that comes with the adjustments to the Funding Package.

#### **13.3.4. Proposed Transaction does not dilute Shareholders' interest**

If not for the Proposed Transaction, Ora Banda would likely be required to source alternative sources of funding, such as equity markets.

Any additional fund raisings through the equity markets may further dilute Shareholders' interest in the current portfolio of mineral assets held by Ora Banda, which may reduce Shareholders' upside were the Company to create value for Shareholders.

### **13.4 Disadvantages of Approving the Proposed Transaction**

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed below:

#### **13.4.1. Uncapping of Royalty provides more potential upside to Hawke's Point**

In the scenario where a new significant discovery is made within Ora Banda's portfolio of tenements, the adjustment to the terms of the Royalty (to uncap future royalty payments) could result in Hawke's Point receiving future royalties in excess of current expectations, which would be to the detriment of Ora Banda's potential future profits. However, we note that there is currently no reasonable grounds to assume such a discovery is likely.

### **13.5 Advantages of Approving the Royalty Security**

We have considered the following advantages when assessing whether the Royalty Security is reasonable.

#### **13.5.1. The Royalty Security is fair**

As set out in Section 12 of our Report, the Royalty Security is fair. RG 111.12 states that an offer is reasonable if it is fair.

### **13.6 Disadvantages of Approving the Royalty Security**

If the Royalty Security is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

#### **13.6.1. Ora Banda will grant a first ranking security over its remaining tenements to Hawke's Point**

In the event of default by the Company, the Lender may enforce its right to declare all of the Funding Package due and payable and demand the payment of the Outstanding Amount, which may require Ora Banda to sell its secured assets in order to repay the amounts outstanding. Notwithstanding, we note that Hawke's Point will only be entitled to an amount equal to, or less than the amount owing. See Section 11 of our Report for further details.

### 13.7 Alternative Proposal to the Royalty Security

We are unaware of any alternative proposal that might offer the Shareholders a premium over the value resulting from the Proposed Transaction.

## 14. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of Ora Banda.

We have considered the terms of the Royalty Security as outlined in the body of this report and have concluded that the Royalty Security is fair and reasonable to the Shareholders of Ora Banda.

## 15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Ora Banda for the years ended 30 June 2021 and 30 June 2022;
- Reviewed financial statements of Ora Banda for the half year ended 31 December 2022;
- The Royalty Deed, Loan Agreement and side letters relating to the Funding Package adjustments;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Ora Banda.

## 16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$27,500 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Ora Banda in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Ora Banda, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Ora Banda and Hawke's Point and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Ora Banda and Hawke's Point and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Ora Banda, or their associates, other than in connection with the preparation of this report.



A draft of this report was provided to Ora Banda and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

## 17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing Rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 35 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 500 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 25 years in the audit and corporate finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

## 18. Disclaimers and consents

This report has been prepared at the request of Ora Banda for inclusion in the Notice of Meeting which will be sent to all Ora Banda Shareholders. Ora Banda engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider if each of the Funding Package and Royalty Security are fair and reasonable to Shareholders.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto



may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Ora Banda. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Ora Banda and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Ora Banda, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**



**Sherif Andrawes**  
Director



**Adam Myers**  
Director

## Appendix 1 - Glossary of Terms

Reference	Definition
Act	The Corporations Act 2001 Cth
Adjusted Model	The Model adjusted by BDO.
AFCA	Australian Financial Complaints Authority
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
Bank	The Reserve Bank of Australia
BDO	BDO Corporate Finance (WA) Pty Ltd
Beacon Minerals	Beacon Minerals Limited
CAPM	The Capital Asset Pricing Model
Chapter 2E	Chapter 2E of the Corporations Act 2001
Company	Ora Banda Mining Ltd
Consideration	Cash consideration of \$1.7 million to be paid by Hawke's Point for the adjustments to the terms of the Funding Package
Corporations Act	The Corporations Act 2001 Cth
CY	Calendar year
Davyhurst Processing Plant	Ora Banda's 1.2 Mtpa convention carbon in pulp (CIP) processing facility.
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings

FSG	Financial Services Guide
Funding Package	The debt and royalty funding package from Hawke's Point
GDP	Gross Domestic Product
Hawke's Point	Hawke's Point Holdings L.P.
Hawke's Point Group	Hawke's Point and its related entities
Index	The S&P/ASX All Ordinaries Gold Index
In-Pit TSF	In-pit Tailings Storage Facility at the Golden Eagle deposit
km <sup>2</sup>	Squared kilometres
Lamerton and Geoda	Lamerton Pty Ltd and Geoda Pty Ltd
Liabilities to be Settled	The value of the consideration being provided to Ora Banda, to be the amount payable to Hawke's Point in the event of default that would be settled by the Security to be Provided, which represents the Outstanding Amount
Loan	An unsecured loan for \$11.0 million with a maturity date of 31 December 2023, and depending on election, an interest rate of 10% or 14% per annum, accrued daily and compounded at the end of each quarter
Model	A detailed cash flow model for the Royalty prepared by the management of Ora Banda.
Mt Ida Gold	Mt Ida Gold Pty Ltd
Mtpa	Million tonnes per annum
NAV	Net Asset Value
NSR	Net Smelter Return
Ora Banda	Ora Banda Mining Ltd
ORP	Operational Reset Plan
our Report	This Independent Expert's Report prepared by BDO
Outstanding Amount	The outstanding amount of the Royalty owing and not yet paid

oz	Ounces
Project	The Davyhurst Gold Project
QMP	Quoted market price
Qualifying Product	Gold doré or bullion, and any other product produced by the Company forming part of the NSR calculation
RBA	The Reserve Bank of Australia
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RG 76	Related party transactions
Riverina Underground Project	The underground extension located at Ora Banda's Riverina deposits
Royalty	A net smelter royalty with respect to certain gold products at 0.9% NSR, capped at 900,000 ounces of pure gold produced, in consideration for \$1.74 million cash
Royalty Security	A first ranking security interest in and a lien over all of the Company's remaining tenements to be included under the Royalty Deed, any real property within the area of the tenements and minerals produced from the tenements to Hawke's Point
Security	A first ranking security interest over all the assets of the Company
Security to be Provided	The value of the financial benefit to be provided by Ora Banda to Hawke's Point, to be the cash or assets up to the equivalent cash amount sufficient to repay the Outstanding Amount
Shareholders	Shareholders of Ora Banda not associated with Hawke's Point
SPP	Share Purchase Plan
WA	Western Australia
WACC	The Weighted Average Cost of Capital

Copyright © 2023 BDO Corporate Finance (WA) Pty Ltd

All rights reserved. No part of this publication may be reproduced, published, distributed, displayed, copied or stored for public or private use in any information retrieval system, or transmitted in any form



by any mechanical, photographic or electronic process, including electronically or digitally on the Internet or World Wide Web, or over any network, or local area network, without written permission of the author. No part of this publication may be modified, changed or exploited in any way used for derivative work or offered for sale without the express written permission of the author.

For permission requests, write to BDO Corporate Finance (WA) Pty Ltd, at the address below:

The Directors

BDO Corporate Finance (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth, WA 6000

Australia

## Appendix 2 - Valuation Methodologies

---

Methodologies commonly used for valuing assets and businesses are as follows:

### 1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

### 3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

#### **4 *Discounted future cash flows ('DCF')***

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

#### **5 *Market Based Assessment***

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

## Appendix 3 - Discount Rate

---

Determining the correct discount rate, or cost of capital, for a project requires the identification and consideration of a number of factors that affect the returns and risks of a project, as well as the application of widely accepted methodologies for determining the returns of a project.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be required before an investor would be prepared to acquire (or invest in) the project.

The capital asset pricing model ('CAPM') is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' WACC, the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

In our assessment of the appropriate discount rate for the Royalty, we consider the most appropriate discount rate to be the pre-tax WACC as we are discounting the Royalty expense which is derived from Ora Banda's revenue.

### Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk-free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM	
$K_e$	$= R_f + \beta \times (R_m - R_f)$
Where:	
$K_e$	= expected equity investment return or cost of equity in nominal terms
$R_f$	= risk free rate of return
$R_m$	= expected market return
$R_m - R_f$	= market risk premium
$\beta$	= equity beta

The individual components of CAPM are discussed below.

### Risk Free Rate (Rf)

The risk free rate is typically approximated by reference to a forecast long term government bond rate with a maturity approximately equivalent to the timeframe over which the returns from the assets are expected to be received.

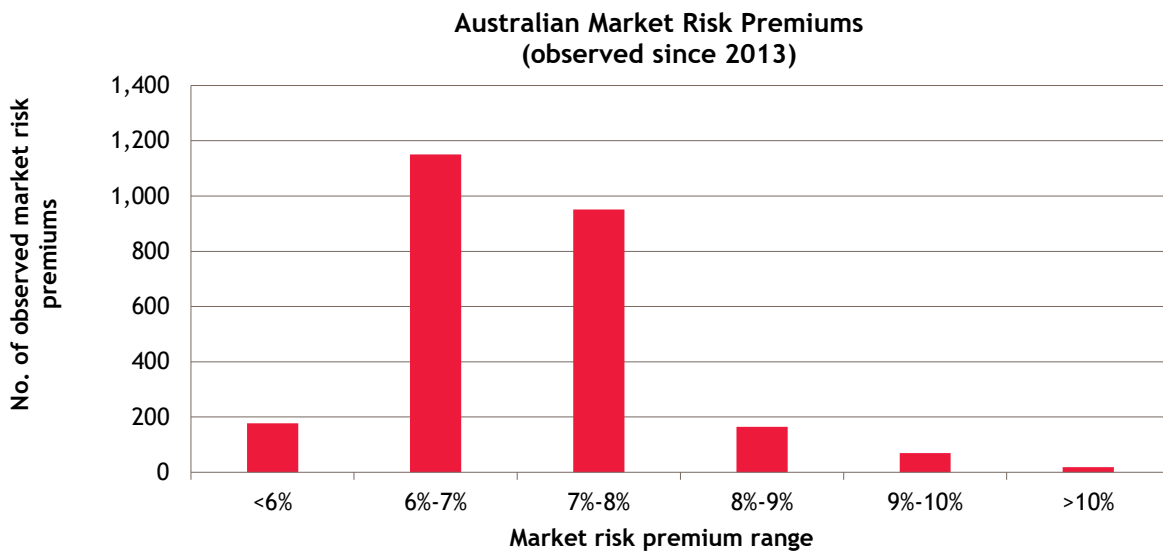
In determining an appropriate ten-year bond rate to use as a proxy for the risk free rate we have given consideration to the ten-year Australian Government Bond rate and projections of the ten-year Australian Government Bond rate based on forecasts. Based on this analysis, we have used a risk free rate of 3.19% in our analysis.



### Market Risk Premium ( $R_m - R_f$ )

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice. In order to determine an appropriate market risk premium in Australia, we have analysed historical data. Our sample of data included the daily historical market risk premiums in Australia over the last ten years.

The market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate, which is dependent on the 10-year Australian Government Bond rate.



Source: Bloomberg and BDO analysis

The graph above illustrates the frequency of observations of the Australian market risk premium over the past ten years. The graph indicates that a high proportion of the sample data for Australian market risk premiums lie in the range of 6% to 8%. This is supported by the long term historical average market risk premium of between 6% and 8%, which is commonly used in practice.

In addition to the above historical analysis, we maintain a database of market risk premiums adopted by other valuation practitioners. This database indicates that 6% is the median market risk premium adopted by reputable valuation practitioners in Australia, with the mean being 6.1%.

Based on the above analysis, and our professional judgement, we have used a market risk premium of 6%.

### Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market. A beta greater than one implies that an investment's return will outperform the market's average return in a bullish market and underperform the market's average return in a bearish market. On the other hand, a beta less than one implies that the business will underperform the market's average return in a bullish market and outperform the market's average return in a bearish market.

Equity betas are normally estimated using either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship

between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and is hence derived from historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors, which make the operating risk of the company greater or less risky than comparable listed companies.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. It is generally accepted that a more valid analysis of betas can be achieved by 'ungearing' the equity beta to derive an asset beta ( $\beta_a$ ) by applying the following formula:

Asset beta ( $\beta_a$ )	
$\beta_a$	$= B / (1 + (D/E \times (1-t)))$
Where:	
$\beta_a$	= ungeared or asset beta
B	= equity beta
D	= value of debt
E	= value of equity
t	= corporate tax rate

### Selected Beta ( $\beta$ )

In order to assess the appropriate equity beta for Ora Banda, we have had regard to the equity beta of ASX-listed gold explorers, developers and early-stage producers with assets primarily located in WA. The ASX-listed companies identified have similar operations to Ora Banda, in respect of commodity type, location, asset maturity and size.

The betas have been assessed over a two-year period using weekly returns, against the S&P/ASX All Ordinaries Gold Index ('the Index'). We have assessed returns against the Index as we deem the Index to better capture the systematic risks associated with investing in ASX-listed gold explorers, developers and early-stage producers compared to a broader market index. We also note that the correlations observed when assessing beta relative to a broader market index were weak, which rendered the betas less meaningful.

The list of companies we selected are set out below. We have presented the data for Ora Banda alongside the comparable companies for information only, but have not included it in the calculation of means and medians:

Company	Market Cap as at 21-Mar-23 (A\$m)	Gearred Beta ( $\beta$ )	Gross D/E (%)	Ungeared Beta ( $\beta_a$ )	R <sup>2</sup>
Citigold Corporation Limited (ASX:CTO)	14.17	0.51	0.03	0.50	0.02
Greenstone Resources Limited (ASX:GSR)	26.57	0.26	0.00	0.26	0.00
Genesis Minerals Limited (ASX:GMD)	433.79	0.71	0.05	0.69	0.06
Ausgold Limited (ASX:AUC)	101.47	0.87	0.02	0.86	0.25
Black Cat Syndicate Limited (ASX:BC8)	91.82	0.67	0.00	0.67	0.13
Focus Minerals Limited (ASX:FML)	53.01	0.93	0.21	0.81	0.15
Calidus Resources Limited (ASX:CAI)	103.29	1.02	0.88	0.63	0.34

Dacian Gold Limited (ASX:DCN)	97.34	0.82	0.12	0.76	0.13
Pantoro Limited (ASX:PNR)	137.06	0.69	0.29	0.57	0.10
Red 5 Limited (ASX:RED)	449.64	1.13	0.41	0.87	0.44
Rand Mining Limited (ASX:RND)	77.92	0.48	0.00	0.48	0.08
De Grey Mining Limited (ASX:DEG)	2,458.84	1.20	0.00	1.20	0.57
Bellevue Gold Limited (ASX:BGL)	1,366.26	1.09	0.09	1.03	0.53
Capricorn Metals Ltd (ASX:CMM)	1,777.34	1.08	0.33	0.87	0.58
Ramelius Resources Limited (ASX:RMS)	969.31	1.23	0.05	1.19	0.71
Gold Road Resources Limited (ASX:GOR)	1,767.73	1.09	0.15	0.99	0.73
Regis Resources Limited (ASX:RRL)	1,423.22	1.16	0.22	1.00	0.74
<b>Mean</b>	<b>667.58</b>	<b>0.88</b>	<b>0.17</b>	<b>0.79</b>	<b>0.33</b>
<b>Median</b>	<b>137.06</b>	<b>0.93</b>	<b>0.09</b>	<b>0.81</b>	<b>0.25</b>

Source: Bloomberg and BDO analysis

As set out in the table above, the ungeared beta for the list of comparable companies, based on the two-year period, ranges from 0.26 to 1.20 with a mean and median of 0.79 and 0.81, respectively. Descriptions of the comparable companies are provided at the end of this appendix.

From our initial screening, we observed that ASX-listed gold explorers, developers and early-stage producers with a similar risk profile to Ora Banda demonstrated a low correlation to the Index, low trading activity and liquidity, rendering the betas less meaningful and reliable. As such, we expanded our screening to include slightly larger ASX-listed gold producers. As detailed in the figure below, these companies demonstrated a larger correlation between the observed betas of the comparable companies and the Index daily and weekly basis over two-, three-, four- and five-year historical periods.

Company	R <sup>2</sup>							
	2Y D	2Y W	3Y D	3Y W	4Y D	4Y W	5Y W	5Y M
Citigold Corporation Limited (ASX:CTO)	0.00	0.02	0.00	0.02	0.00	0.02	0.03	0.17
Greenstone Resources Limited (ASX:GSR)	0.01	0.00	0.01	0.00	0.01	0.00	0.00	0.04
Genesis Minerals Limited (ASX:GMD)	0.03	0.06	0.05	0.04	0.05	0.08	0.08	0.10
Ausgold Limited (ASX:AUC)	0.05	0.25	0.04	0.18	0.04	0.18	0.16	0.03
Black Cat Syndicate Limited (ASX:BC8)	0.09	0.13	0.11	0.13	0.08	0.12	0.11	0.29
Focus Minerals Limited (ASX:FML)	0.02	0.15	0.03	0.13	0.02	0.10	0.07	0.31
Calidus Resources Limited (ASX:CAI)	0.18	0.34	0.18	0.28	0.15	0.30	0.24	0.23
Dacian Gold Limited (ASX:DCN)	0.13	0.13	0.16	0.16	0.12	0.11	0.12	0.08
Pantoro Limited (ASX:PNR)	0.07	0.10	0.10	0.13	0.09	0.14	0.12	0.19
Red 5 Limited (ASX:RED)	0.21	0.44	0.18	0.28	0.19	0.31	0.29	0.29
Rand Mining Limited (ASX:RND)	0.05	0.08	0.07	0.07	0.07	0.11	0.05	0.24
De Grey Mining Limited (ASX:DEG)	0.46	0.57	0.32	0.31	0.18	0.09	0.08	0.00
Bellevue Gold Limited (ASX:BGL)	0.44	0.53	0.40	0.45	0.34	0.39	0.28	0.29
Capricorn Metals Ltd (ASX:CMM)	0.38	0.58	0.29	0.48	0.21	0.30	0.21	0.32
Ramelius Resources Limited (ASX:RMS)	0.57	0.71	0.57	0.64	0.51	0.59	0.54	0.46
Gold Road Resources Limited (ASX:GOR)	0.69	0.73	0.70	0.72	0.60	0.57	0.54	0.55

Regis Resources Limited (ASX:RRL)	0.64	0.74	0.65	0.71	0.66	0.69	0.67	0.63
-----------------------------------	------	------	------	------	------	------	------	------

Source: Bloomberg and BDO Analysis

The larger ASX-listed producers exhibited more trading activity and liquidity as detailed below, providing more reliable and meaningful betas, in combination with their stronger R<sup>2</sup>. The table below outlines:

- the percentage of issued capital traded over a 12 month period prior to the valuation date (indicating liquidity of the share); and
- the number of weeks in the last 12 months where more than 1% of issued capital is traded (indicating consistent activity of share trading).

Company	As a %s of Issued capital	No. Weeks >1% of Issued Capital Traded
Citigold Corporation Limited (ASX:CTO)	9.45%	0
Greenstone Resources Limited (ASX:GSR)	126.49%	29
Genesis Minerals Limited (ASX:GMD)	39.57%	9
Ausgold Limited (ASX:AUC)	35.60%	10
Black Cat Syndicate Limited (ASX:BC8)	41.44%	12
Focus Minerals Limited (ASX:FML)	7.30%	0
Calidus Resources Limited (ASX:CAI)	81.37%	36
Dacian Gold Limited (ASX:DCN)	73.01%	29
Pantoro Limited (ASX:PNR)	29.54%	3
Red 5 Limited (ASX:RED)	99.05%	44
Rand Mining Limited (ASX:RND)	1.42%	0
De Grey Mining Limited (ASX:DEG)	95.94%	48
Bellevue Gold Limited (ASX:BGL)	71.95%	32
Capricorn Metals Ltd (ASX:CMM)	94.16%	50
Ramelius Resources Limited (ASX:RMS)	185.32%	52
Gold Road Resources Limited (ASX:GOR)	112.76%	52
Regis Resources Limited (ASX:RRL)	162.55%	52

Source: Bloomberg and BDO Analysis

In selecting an appropriate ungeared beta for Ora Banda, we have placed a higher weighting on those companies with more meaningful ungeared betas, and greater trading activity and liquidity. Whilst we consider the slightly larger ASX-listed early-stage gold producers to have more meaningful ungeared betas, we recognise these companies do not have a directly comparable risk profile to that of Ora Banda. As such, we have placed a premium on the ungeared betas of the comparable companies to account for the additional risk we consider to be associated with Ora Banda. Based on our analysis, we consider an appropriate ungeared beta to be in the range of 1.20 to 1.40 for Ora Banda.

## Gearing

The proportion of funding provided by debt and equity (i.e. gearing ratio) adopted should represent the level of debt that the asset can reasonably sustain (i.e. the higher the expected volatility of cash flows, the lower the debt levels that can be supported). The optimum level of gearing will differentiate between assets and will include:

- the variability in earnings streams;
- working capital requirements;
- the level of investment in tangible assets; and
- the nature and risk profile of tangible assets.

We have assumed a gross debt to equity ratio of 21.17% having consideration to Ora Banda’s gross debt to equity ratio, as this reflects the current debt to equity structure of the Company.

Applying this level of gearing to the ungeared beta range identified previously results in a regeared beta range between 1.38 and 1.61.

### Cost of Equity

We have assessed the cost of equity of Ora Banda to be in the range of 11.02% to 14.28%, with a preferred midpoint of 12.15%.

Input	Value adopted	
	Low	High
Risk free rate of return	3.19%	3.19%
Equity market risk premium	6.00%	6.00%
Beta (regeared)	1.38	1.61
<b>Cost of Equity</b>	<b>11.46%</b>	<b>12.84%</b>

Source: Bloomberg and BDO analysis

### Cost of Debt

We have considered the cost of debt of Ora Banda, and based on our analysis, we have adopted a cost of debt of 10.0% in our assessment of an appropriate discount rate.

### Tax rate

We have adopted an effective tax rate of 30% based on Australia’s corporate tax rate for base rate entities.

### WACC (Pre-Tax)

The WACC represents the market return required on the total assets of the undertaking by debt and equity providers. WACC is used to assess the appropriate commercial rate of return on the capital invested in the business, acknowledging that normally funds invested consist of a mixture of debt and equity funds. Accordingly, the discount rate should reflect the proportionate levels of debt and equity relative to the level of security and risk attributable to the investment.

In calculating the WACC, there are a number of different formulae which are based on the definition of cash flows (i.e. pre-tax or post-tax), the treatment of the tax benefit arising through the deductibility of interest expenses (included in either the cash flow or discount rate), and the manner and extent to which they adjust for the effects of dividend imputation.

The commonly used WACC formula is the post-tax WACC, without adjustment for dividend imputation, which is detailed in the below table:

WACC	
WACC	$= \frac{E}{E+D} K_e + \frac{D}{D+E} K_d (1 - t)$
Where:	

WACC	
Ke	= expected return or discount rate on equity
Kd	= interest rate on debt (pre-tax)
T	= corporate tax rate
E	= market value of equity
D	= market value of debt
(1- t)	= tax adjustment

Using the inputs discussed results in a post-tax WACC in the range of 10.68% to 11.82% as set out in the table below.

WACC	Value Adopted	
	Low	High
Cost of Equity (Ke)	11.46%	12.84%
Cost of Debt (Kd) (1-t)	10.00%	10.00%
Proportion of Equity (E/(E+D))	82.46%	82.46%
Proportion of Debt (D/(E+D))	17.54%	17.54%
<b>WACC (rounded)</b>	<b>10.68%</b>	<b>11.82%</b>

Source: Bloomberg, BDO analysis

To calculate an implied nominal pre-tax WACC, we divided the nominal post-tax WACC by (1-tax rate). We derived an implied pre-tax WACC range of 15.26% to 16.88%. Based on the rounded midpoint of this range, we consider a pre-tax WACC of 16% to be appropriate for our use.

Set out below are the company descriptions of the companies we considered in our comparable company analysis.

Company Name	Business Description
Ausgold Limited (ASX:AUC)	Ausgold Limited explores for gold and other precious metals. The company's flagship property is the Katanning gold project, which covers approximately 4,000 square kilometres ('km <sup>2</sup> ') located in Katanning greenstone belt in south-western Western Australia. It also explores for copper, iron, nickel, chromium, and sulphide deposits. Ausgold Limited was incorporated in 2009 and is based in Perth, Australia.
Bellevue Gold Limited (ASX:BGL)	Bellevue Gold Limited, together with its subsidiaries, engages in the exploration and evaluation of gold properties in Australia. It holds a 100% interest in the Bellevue gold project covering an area of approximately 2,700 km <sup>2</sup> located to north-west of Kalgoorlie, Western Australia; the Yandal gold project covering an area of 867 km <sup>2</sup> in Western Australia; and the Kathleen Valley gold project located in Western Australia. The company was formerly known as Draig Resources Limited and changed its name to Bellevue Gold Limited in July 2018. Bellevue Gold Limited was incorporated in 2004 and is based in West Perth, Australia.
Black Cat Syndicate Limited (ASX:BC8)	Black Cat Syndicate Limited engages in the exploration and development of gold properties in Australia. It primarily holds interest in the Kal East gold project, which covers an area of 756 km <sup>2</sup> located to the east of Kalgoorlie, Western Australia. The company was incorporated in 2017 and is based in West Perth, Australia.
Calidus Resources Limited (ASX:CAI)	Calidus Resources Limited engages in the exploration and exploitation of gold minerals in Australia. It holds interests in the Warrawoona gold project covering an

Company Name	Business Description
<p>area of approximately 780 km<sup>2</sup> located in the East Pilbara district of the Pilbara Goldfield in Western Australia; and the Blue Spec project situated in the Pilbara Goldfield in Western Australia. Calidus Resources Limited was incorporated in 1986 and is headquartered in West Perth, Australia.</p>	
<p>Capricorn Metals Ltd (ASX:CMM)</p>	<p>Capricorn Metals Ltd explores for, evaluates, and develops mineral properties in Australia and Madagascar. It holds a 100% interest in the Karlawinda gold project located in the Pilbara region of Western Australia. The company was formerly known as Malagasy Minerals Limited and changed its name to Capricorn Metals Limited in February 2016. Capricorn Metals Limited was incorporated in 2006 and is based in West Perth, Australia.</p>
<p>Citigold Corporation Limited (ASX:CTO)</p>	<p>Citigold Corporation Limited, together with its subsidiaries, engages in the exploration, development, and mining of gold and silver deposits in Australia. Its principal property is the Charters Towers gold project located in north-eastern Queensland, Australia. The company was incorporated in 1993 and is based in Fortitude Valley, Australia.</p>
<p>Dacian Gold Limited (ASX:DCN)</p>	<p>Dacian Gold Limited engages in the exploration, mining, and processing of gold properties in Australia. The company holds interest in Mt Morgans and the Redcliffe gold project located in Leonora-Laverton, Western Australia. Dacian Gold Limited was incorporated in 2011 and is based in Perth, Australia. As of February 20, 2023, Dacian Gold Limited operates as a subsidiary of Genesis Minerals Limited.</p>
<p>De Grey Mining Limited (ASX:DEG)</p>	<p>De Grey Mining Limited engages in the exploration of mineral properties in Australia. It primarily holds a 100% interest in the Mallina Gold project covering an area of approximately 1,500 km<sup>2</sup> located in the Pilbara region of Western Australia. The company was incorporated in 2000 and is based in West Perth, Australia.</p>
<p>Focus Minerals Limited (ASX:FML)</p>	<p>Focus Minerals Limited engages in the exploration and development of gold in Western Australia. The company holds a 100% interest in the Coolgardie gold project located on the western side of the Archaean Norseman-Wiluna Greenstone belt within the Coolgardie Domain; and the Laverton gold project located in the Yilgarn Craton of Western Australia. Focus Minerals Limited was incorporated in 1978 and is headquartered in East Perth, Australia. Focus Minerals Limited operates as a subsidiary of Shandong Gold International Mining Corporation Limited.</p>
<p>Genesis Minerals Limited (ASX:GMD)</p>	<p>Genesis Minerals Limited engages in the exploration and development of gold deposits in Western Australia. The company owns 100% interests in the Leonora Gold project located to the north of Kalgoorlie. Genesis Minerals Limited was incorporated in 2007 and is based in Perth, Australia.</p>
<p>Gold Road Resources Limited (ASX:GOR)</p>	<p>Gold Road Resources Limited, together with its subsidiaries, engages in the exploration and development of mineral properties in Western Australia. The company primarily explores for gold deposits. It owns 50% interest in the Gruyere gold mine located in north-east of Perth. The company also controls 100% of tenements covering 3,250 km<sup>2</sup> across Yamarna. The company was formerly known as Eleckra Mines Limited and changed its name to Gold Road Resources Limited in</p>

Company Name	Business Description
<p>Greenstone Resources Limited (ASX:GSR)</p>	<p>November 2010. Gold Road Resources Limited was incorporated in 2004 and is based in West Perth, Australia.</p> <p>Greenstone Resources Limited explores for and develops mineral resources projects in Western Australia. The company explores for gold, nickel, cobalt, and manganese deposits. It holds a 100% interest in the Burbanks gold project located at the southeast of Coolgardie; and the Phillips Find gold project located in north-northwest of Coolgardie. The company also holds a 50% interest in the Mt Thirsty cobalt-nickel project located to the northwest of Norseman, Western Australia; and a 30% interest in the Riverina Nickel Project is located 125km located to the north of Coolgardie in Western Australia. The company was formerly known as Barra Resources Limited and changed its name to Greenstone Resources Limited in October 2021. Greenstone Resources Limited was incorporated in 2000 and is based in West Perth, Australia.</p>
<p>Pantoro Limited (ASX:PNR)</p>	<p>Pantoro Limited, together with its subsidiaries, engages in the gold mining, processing, and exploration activities in Western Australia. The company explores for gold and silver deposits. Its flagship property is the Nicolson's Project located in the Kimberley Region of Western Australia. The company was formerly known as Pacific Niugini Limited and changed its name to Pantoro Limited in December 2015. Pantoro Limited was incorporated in 1986 and is based in West Perth, Australia.</p>
<p>Ramelius Resources Limited (ASX:RMS)</p>	<p>Ramelius Resources Limited, together with its subsidiaries, engages in the exploration, mine development and operation, production, and sale of gold in Australia. It operates through three segments: Mt Magnet, Edna May, and Exploration. The company owns and operates the Mt Magnet, the Edna May, the Vivien, the Marda, the Tampia, the Rebecca, and the Penny gold mines located in Western Australia. It also develops Symes' Find prospect located in the Southern Cross Province of the Eastern Goldfields. Ramelius Resources Limited was incorporated in 1979 and is headquartered in East Perth, Australia.</p>
<p>Rand Mining Limited (ASX:RND)</p>	<p>Rand Mining Limited explores for, develops, and produces mineral properties in Australia. It primarily explores for gold and silver deposits. The company holds a 12.25% interest in the East Kundana Joint Venture located to the west north west of Kalgoorlie and north east of Coolgardie. It also has a 50% interest in the Seven Mile Hill project. The company was incorporated in 1966 and is based in South Perth, Australia.</p>
<p>Red 5 Limited (ASX:RED)</p>	<p>Red 5 Limited engages in the exploration, production, and mining of gold deposits and mineral properties in the Philippines and Australia. It holds interests in the Siana Gold project located in the Island of Mindanao, the Philippines; the King of the Hills Gold project located in the Eastern Goldfields of Western Australia; and the Darlot Gold mine situated in the north-east of Perth in Western Australia. The company was incorporated in 1995 and is based in West Perth, Australia.</p>
<p>Regis Resources Limited (ASX:RRL)</p>	<p>Regis Resources Limited, together with its subsidiaries, engages in the exploration, evaluation, and development of gold projects in Australia. It owns 100% interests in the Duketon gold project located in the North Eastern Goldfields of Western</p>



Company Name	Business Description
	Australia; and the McPhillamys gold project situated in the Central Western region of New South Wales, as well as holds 30% interest in Tropicana Gold Project. Regis Resources Limited was incorporated in 1986 and is based in Subiaco, Australia.


Source: S&P Capital IQ and BDO analysis




Ora Banda Mining Ltd  
ABN 69 100 038 266



## Need assistance?

 **Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)

 **Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AWST) on Tuesday, 6 June 2023.**

# Proxy Form

## How to Vote on Resolutions

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each resolution. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on a resolution your vote will be invalid on that resolution.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number:**

**PIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I N D

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Ora Banda Mining Ltd hereby appoint

the Chair of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chair of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Ora Banda Mining Ltd to be held at the Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Thursday, 8 June 2023 at 10:00am (AWST) and at any adjournment or postponement of that meeting.

## Step 2 Resolutions

**PLEASE NOTE:** If you mark the **Abstain** box for a resolution, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Ratification of issue of Placement Shares to institutional, professional and sophisticated investors under Tranche 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Placement Shares to Hawke's Point (substantial Shareholder of the Company) (or its nominee(s))	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Placement Shares to Mr Luke Creagh (Director) (or his nominee(s))	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Placement Shares to Mr Peter Mansell (Director) (or his nominee(s))	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Placement Shares to Mr Alan Rule (Director) (or his nominee(s))	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Section 195 approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval for the Company to undertake the Proposed Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval for the Company to grant the Royalty Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chair of the Meeting intends to vote undirected proxies in favour of each resolution. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

