



ORECORP
LIMITED

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2018**

ABN 24 147 917 299

CORPORATE DIRECTORY

Directors

Mr Craig Williams – Non-Executive Chairman
Mr Matthew Yates – CEO & Managing Director
Mr Alastair Morrison – Non-Executive Director
Mr Michael Klessens – Non-Executive Director
Mr Robert Rigo – Non-Executive Director

CFO & Company Secretary

Mr Luke Watson

Registered and Principal Office

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ASX Code:
ORR – Ordinary Shares

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Perth WA 6000

Bankers

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DIRECTORS' REPORT

The Directors of OreCorp Limited present their report on the Consolidated Entity consisting of OreCorp Limited (**the Company** or **OreCorp**) and the entities it controlled at the end of, or during the half-year ended 31 December 2018 ('Consolidated Entity' or 'Group').

DIRECTORS

The names of the directors in office at any time during the half year and until the date of this report are:

Mr Craig Williams	Non-Executive Chairman
Mr Matthew Yates	Chief Executive Officer & Managing Director
Mr Alastair Morrison	Non-Executive Director
Mr Michael Klessens	Non-Executive Director
Mr Robert Rigo	Non-Executive Director

All Directors held their office from 1 July 2018 until the date of this report.

REVIEW OF OPERATIONS AND ACTIVITIES

The operating loss of the Consolidated Entity for the half year ended 31 December 2018 was \$2,624,713 (2017: \$3,953,413). This loss is largely attributable to the Consolidated Entity's accounting policy of expensing exploration and evaluation expenditure incurred by the Consolidated Entity subsequent to the initial acquisition of the rights to explore and up to the successful completion of definitive feasibility studies (see Note 1(b)). During the half-year, exploration expenditure totalled \$2,009,081 (2017: \$3,060,902), which is inclusive of a provision for the non-recovery of VAT receivable of \$1,123,716.

The abovementioned numbers and the financial report are presented in Australian dollars.

Key progress at the Nyanzaga Gold Project (**Nyanzaga** or **Project**) during the period included:

- The Tanzanian Fair Competition Commission (FCC) granted its approval for OreCorp Tanzania Limited (OreCorp Tanzania) to increase its interest in Nyanzaga Mining Company Limited (NMCL) to 51%. This increase in ownership remains subject to: (i) the approval of the newly established Mining Commission, the application for which was lodged at the same time as the application for the FCC approval; and (ii) the payment of US\$3 million to the Acacia Group. The Company continues to work closely with the relevant authorities to complete the approval process.
- OreCorp and OreCorp Tanzania entered into a Completion Agreement with Acacia Mining plc (Acacia) and other members of the Acacia Group to allow OreCorp Tanzania to move to 100% ownership of NMCL, and thereby 100% ownership of the Nyanzaga Project by making a further payment of US\$7 million. The increase to 100% ownership of NMCL is conditional on Tanzanian regulatory approvals and the grant of the Special Mining Licence (SML) in respect of the Project. The SML application has been reviewed by the Mining Commission and is listed on their website as recommended for approval and will ultimately require approval by the Tanzanian Cabinet of Ministers. Following completion, Acacia will retain a net smelter return production royalty over the Project, capped at US\$15 million.

DIRECTORS' REPORT (Continued)

REVIEW OF OPERATIONS AND ACTIVITIES (Continued) Exploration and Evaluation Activities

TANZANIA

Nyanzaga Project (Gold)

Nyanzaga hosts a JORC 2012 compliant Mineral Resource Estimate (**MRE**) of 3.1 million ounces of gold at 4.0 g/t (**Table 1**).

Table 1: Nyanzaga Project - Mineral Resource Estimate, Reported at a 1.5g/t Au cut-off

OreCorp Limited – Nyanzaga Gold Project – Tanzania Mineral Resource Estimate (MRE) as at 12 September 2017			
JORC 2012 Classification	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (Moz)
Measured	4.63	4.96	0.738
Indicated	16.17	3.80	1.977
Sub-Total M & I	20.80	4.06	2.715
Inferred	2.90	3.84	0.358
Total	23.70	4.03	3.072

Reported at a 1.5g/t gold cut-off grade. MRE defined by 3D wireframe interpretation with subcell block modelling. Gold grade for high grade portion estimated using Ordinary Kriging using a 10 x 10 x 10m estimation panel. Gold grade for lower grade sedimentary cycle hosted resources estimated using Uniform Conditioning using a 2.5 x 2.5 x 2.5m SMU. Totals may not add up due to appropriate rounding of the MRE.

Nyanzaga is situated in the Archean Sukumaland Greenstone Belt, part of the Lake Victoria Goldfields (**LVG**) of the Tanzanian Craton. The greenstone belts of the LVG host a suite of large gold mines (**Figure 1**). The Geita Gold Mine lies approximately 60km to the west of the Project along the strike of the greenstone belt and the Bulyanhulu Gold Mine is located 36km to the southwest of the Project. The Nyanzaga Project comprises 20 contiguous Prospecting Licences (**PLs**) and two applications covering a combined area of 211km². A SML application has been lodged over the Nyanzaga deposit and parts of the surrounding licences covering 23.4km². In addition to the Nyanzaga deposit, there are a number of other exploration prospects within the Project licences.



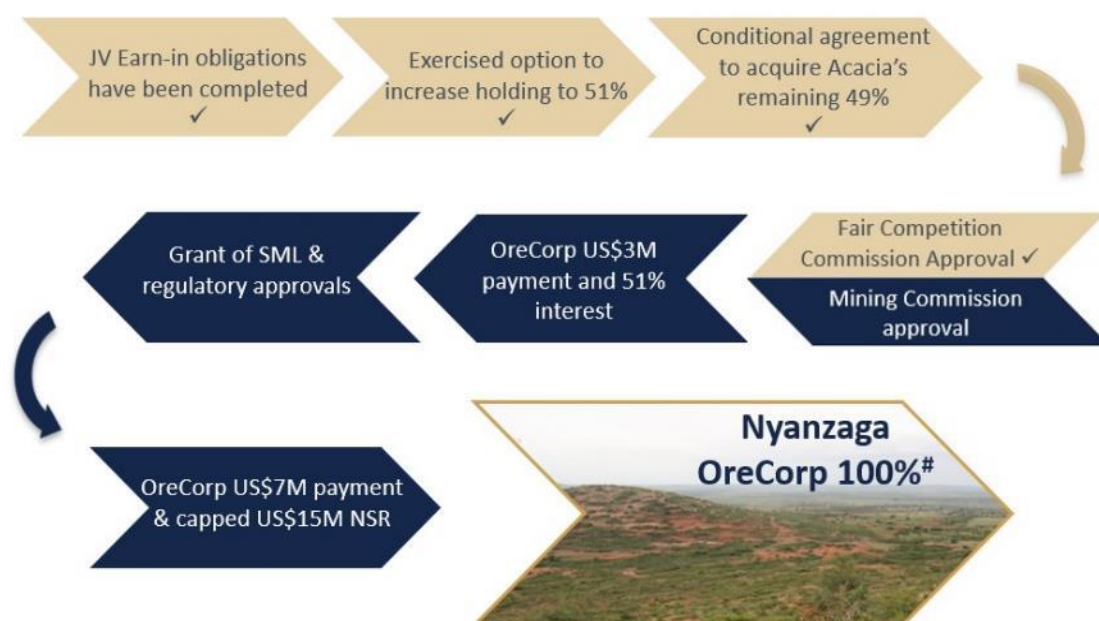
Figure 1: Lake Victoria Goldfields, Tanzania – Existing Resources

Project Update

Nyanzaga Completion Agreement

Following the FCC’s approval in September 2018 for OreCorp Tanzania to increase its interest in NMCL to 51%, the Company has worked closely with other relevant Tanzanian Authorities to conclude the approval process. This increase in ownership remains subject to: (i) the approval of the Mining Commission, the application for which was lodged at the same time as the application for FCC approval; and (ii) the payment of US\$3 million to the Acacia Group.

OreCorp and OreCorp Tanzania have entered into a conditional Completion Agreement with Acacia and other members of the Acacia Group to allow OreCorp Tanzania to move to 100% ownership of NMCL and thereby 100% ownership of the Project by making a further payment of US\$7 million (see ASX release dated 6 September 2018). The increase to 100% ownership of NMCL is also conditional on Tanzanian regulatory approvals, including from the FCC and the grant of the SML in respect of the Project. Following completion, Acacia will retain a net smelter return production royalty over the Project, capped at US\$15 million.



Notes: ✓ Completed, # 16% FCI to Government of Tanzania

Figure 2: Nyanzaga Deal Structure

Permitting & Project Licences

Following lodgement of the SML Application in October 2017 and the grant of the Environmental Certificate, additional information to ensure compliance with the new Mining Regulations was requested by the Mining Commission. OreCorp Tanzania subsequently lodged a Local Content Plan in accordance with the Mining (Local Content) Regulations, 2018 and the Integrity Pledge in accordance with the Mining (Integrity Pledge) Regulations, 2018. The Regulations and Integrity Pledge are on the Company website.

OreCorp has been advised that the Mining Commission has completed its review of the SML Application and it is currently listed on the Mining Commission website as “recommended for grant”. Whilst this progression does not constitute the final approval of the SML for the Project, it indicates that the approval process is progressing. The Company understands that the next and final step for the SML Application is its review and approval by the Tanzanian Cabinet of Ministers. This status did not change in the period to December 2018 and the Company will provide further updates as appropriate.

DIRECTORS' REPORT (Continued)

The grant of the SML will be required before the Project Financing DFS can be completed and any financing for the construction of the Project can be undertaken. Upon grant of the SML, the Government of Tanzania (GoT) will become an equity holder in the Project, acquiring a free carried interest of not less than 16% in NMCL in accordance with the Tanzanian Mining Act. OreCorp looks forward to the opportunity to develop Tanzania's next large-scale gold mine with the GoT, for the benefit of all stakeholders.

Project Financing Definitive Feasibility Study

All Project Financing DFS site-based activities have been completed and no further drilling is currently planned on or around the immediate environment of the Nyanzaga deposit, prior to completion of the Project Financing DFS. The MRE was updated in September 2017 by CSA Global following completion of the 2016/2017 infill drilling program which achieved its stated objectives to lift the MRE categories, test the geological model and improve grade.

During the period to 31 December 2018, a mining study review commenced which aims to identify opportunities that may potentially enhance project economics. Once complete, these identified opportunities will be further assessed and integrated as the Project Financing DFS moves towards completion. The Company will conduct other preparatory works ahead of the anticipated grant of the SML. It is anticipated that the Project Financing DFS will conclude in 2019.

MAURITANIA

Akjoujt South Project (Nickel – Copper - Cobalt: 90% interest in Licences 1415 & 1416, granted)

The Akjoujt South Project (ASP) comprises two licences (1415 and 1416) and covers 460km². An application has been lodged covering 136km² immediately to the north of licence 1415 and Anomaly 5. The ASP is only 60km southeast of First Quantum's Guelb Moghrein copper-gold mine and 50km from a sealed bitumen road to the capital, Nouakchott (*Figure 3*).

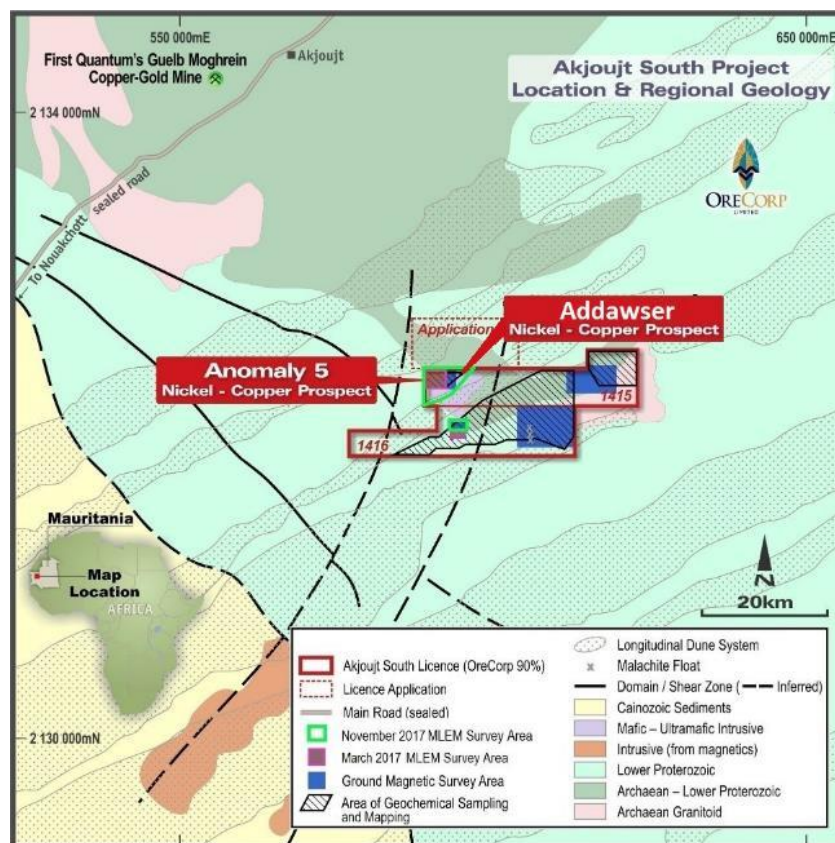


Figure 3: Location of the Akjoujt South Project, Mauritania

Anomaly 5 was identified in a regional soil sampling program. The anomalism is associated with a mafic intrusive body and alteration assemblage. Subsequent mapping, infill sampling, trenching, geophysical surveys and diamond drilling have identified a significant zone of nickel-copper-cobalt mineralisation.

OreCorp has identified significant zones of nickel-copper-cobalt sulphide mineralisation over broad widths up to 63m downhole and shallow depths in RC and diamond drilling at its Anomaly 5 Prospect. The work to date has highlighted the potential for higher grade magmatic sulphide related bodies (e.g. Nova-Bollinger). In addition to the drilling, the Company has completed thorough, systematic exploration programs that have included geochemical sampling, pitting, mapping, IP and EM surveys and data integration into the PRISM (Project de Renforcement Institutionnel du Secteur Minier) data set. The PRISM data set is a countrywide database acquired by OreCorp from the Ministry in Mauritania. In addition to extensions to Anomaly 5, a suite of highly prospective untested adjacent and regional targets are drill ready.

The Company has decided to seek JV funding for the ASP. An Information Memorandum and data room have been prepared for this purpose.

Corporate

The Company remains in a strong financial position with approximately \$12.3m cash and cash equivalents and no debt as at 31 December 2018.

Business Development

During the period, numerous business and corporate development opportunities were identified and reviewed. These included advanced projects and operating mines. Those which may enhance shareholder value will continue to be pursued.

A generative initiative in Western Australia identified several target areas around the margins of the Yilgarn and Pilbara cratons. This resulted in the Company applying for a number of licence areas. The Company will continue to refine its Western Australian Targeting Initiative and will advise of its progress in due course.

Business Strategy and Prospects

The Consolidated Entity currently has the following business strategies and prospects over the medium to long term:

- progress the Nyanzaga Project, with a focus on obtaining an SML, moving to 100% ownership of NMCL and completing the Project Financing DFS;
- continue to review other resource opportunities which may enhance shareholder value; and
- subject to securing a funding partner, undertake further exploration at its Akjoujt South Project in Mauritania, including further geophysical programs which may generate new drill targets.

The successful completion of these activities will assist the Group to achieve its strategic objective of making the transition from explorer to producer.

These activities are inherently risky, and the Board is unable to provide certainty that any or all of these objectives will be able to be achieved and on that basis, further information has not been disclosed.

SIGNIFICANT POST BALANCE DATE EVENTS

There were no significant events occurring after balance date requiring disclosure.

DIRECTORS' REPORT

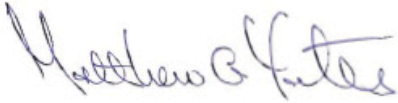
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AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is on page 19 of the half year report.

This report is made in accordance with a resolution of the directors made pursuant to section 306(3) of the *Corporations Act 2001*.

For and on behalf of the Directors

A handwritten signature in blue ink that reads "Matthew Yates". The signature is written in a cursive style with a large initial 'M'.

MATTHEW YATES

Chief Executive Officer & Managing Director

11 March 2019

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**



	Notes	Consolidated Half Year Ended	
		31 Dec 2018 \$	31 Dec 2017 \$
Other income	2	475,394	176,711
Corporate and administration costs		(653,347)	(675,202)
Exploration and evaluation costs	3	(2,009,081)	(3,060,902)
Business and corporate development costs		(437,679)	(394,020)
Loss before tax from continuing operations		(2,624,713)	(3,953,413)
Income tax expense		-	-
Loss for the period		(2,624,713)	(3,953,413)
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		(394,564)	(84,817)
Other comprehensive income/(loss) for the period, net of income tax		(394,564)	(84,817)
Total comprehensive loss for the period		(3,019,277)	(4,038,230)
Total comprehensive loss attributable to members of the parent		(3,019,277)	(4,038,230)
Earnings per share			
Weighted average number of shares		216,412,820	216,412,820
Basic loss per share (cents per share)		(1.21)	(1.83)
Diluted loss per share (cents per share)		(1.21)	(1.83)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated	
		31 Dec 2018	30 Jun 2018
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		12,296,917	14,562,729
Trade and other receivables	4	138,097	1,143,512
Total Current Assets		12,435,014	15,706,241
Non-current Assets			
Property, plant and equipment	5	129,867	185,495
Exploration and evaluation assets	6	1,417,836	1,354,061
Total Non-current Assets		1,547,703	1,539,556
TOTAL ASSETS		13,982,717	17,245,797
LIABILITIES			
Current Liabilities			
Trade and other payables		120,607	452,026
Provisions		180,527	165,380
Total Current Liabilities		301,134	617,406
Non-current Liabilities			
Provisions		146,086	118,223
Total Non-current Liabilities		146,086	118,223
TOTAL LIABILITIES		447,220	735,629
NET ASSETS		13,535,497	16,510,168
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	7	55,326,167	55,326,167
Reserves	8	(196,651)	153,302
Accumulated losses		(41,594,019)	(38,969,301)
TOTAL EQUITY		13,535,497	16,510,168

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018



	Consolidated Half Year Ended	
	31 Dec 2018 \$	31 Dec 2017 \$
Cash flows from operating activities		
Interest received	70,195	172,375
Payments to suppliers and employees	(2,748,639)	(4,321,418)
Net cash outflow from operating activities	(2,678,444)	(4,149,043)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,366)	(44,361)
Net cash outflow from investing activities	(3,366)	(44,361)
Net decrease in cash and cash equivalents held	(2,681,810)	(4,193,404)
Foreign exchange movement on cash and cash equivalents	415,998	8,663
Cash and cash equivalents at the beginning of the financial period	14,562,729	21,815,536
Cash and cash equivalents at the end of the financial period	12,296,917	17,630,795

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2017	55,326,167	905,889	(18,594)	(32,583,022)	23,630,440
Loss for the period	-	-	-	(6,728,584)	(6,728,584)
Other comprehensive income:					
Exchange differences arising on translation of foreign operations, net of income tax	-	-	(791,994)	-	(791,994)
Total comprehensive income/(loss) for the period	-	-	(791,994)	(6,728,584)	(7,520,578)
Transactions with owners, recorded directly in equity					
Net share based payment expense	-	400,306	-	-	400,306
Transfer balance of reserve relating to cancelled options to accumulated losses	-	(342,300)	-	342,300	-
Balance at 30 June 2018	55,326,167	963,895	(810,588)	(38,969,306)	16,510,168
Balance at 1 July 2018	55,326,167	963,895	(810,588)	(38,969,306)	16,510,168
Loss for the period	-	-	-	(2,624,713)	(2,624,713)
Other comprehensive income:					
Exchange differences arising on translation of foreign operations, net of income tax	-	-	(394,564)	-	(394,564)
Total comprehensive income/(loss) for the period	-	-	(394,564)	(2,624,713)	(3,019,277)
Transactions with owners, recorded directly in equity					
Net share based payment expense	-	44,606	-	-	44,606
Transfer balance of reserve relating to cancelled options to accumulated losses	-	-	-	-	-
Balance at 31 December 2018	55,326,167	1,008,501	(1,205,152)	(41,594,019)	13,535,497

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

OreCorp Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The interim financial report of the Company for the half year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on page 19.

(a) Basis of Preparation of the Half Year Financial Report

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2018, other than as detailed below.

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half year.

(b) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Where the group acquires an area of interest (through direct purchase or purchase of an entity), expenditure incurred in the acquisition of the area of interest is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition.

Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred up to the successful completion of definitive feasibility studies. Expenditure in relation to the preparation of definitive feasibility studies is expensed as incurred.

Capitalised exploration is only carried forward if the Company has rights to tenure and the Company expects to recoup the expenditures through successful development or sale.

Capitalised exploration costs are reviewed each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018 (Continued)

(c) New standards, interpretations and amendments

In the current period, the Group has adopted all of the new and revised standards, interpretations and amendments that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018. New and revised standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 9 *Financial Instruments*, and relevant amending standards;
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of the aforementioned standards has resulted in an immaterial impact on interim financial statements of the Group as at 31 December 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of new and revised standards and amendments has not affected the amounts reported for the current or prior interim periods. A discussion on the impact of the adoption of AASB 9 is included below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has adopted AASB 9 from 1 July 2018 which have resulted in changes to accounting policies and the analysis for possible adjustments to amounts recognised in the interim financial statements. In accordance with the transitional provisions in AASB 9, the reclassifications and adjustments are not reflected in the balance sheet as at 30 June 2018 but recognised in the opening balance sheet as at 1 July 2018.

Classification and Measurement

On 1 July 2018, the Group has assessed financial instruments held by the Group and have classified them into the appropriate AASB 9 categories. The main effects resulting from this reclassification are shown in the table below.

On adoption of AASB 9, the Group classified financial assets measured at either amortised cost or fair value, depending on the assets and on the asset's contractual cash flow characteristics. There were no changes in the measurement of the Group's financial instruments.

Furthermore, there was no impact on the statement of profit or loss or other comprehensive income or the statement of changes in equity on adoption of AASB 9 in relation to the classification and measurement of financial assets and liabilities as set out in Note 3(b). The following table summarises the classification and measurement of the Group's financial instruments at 1 July 2018:

Presented in statement of financial position	Financial Instrument	AASB 139	AASB 9	Reported A\$	Restated A\$
Cash and cash equivalents	Bank deposits	Loans and receivables	Amortised cost	No change	No change
Trade and other receivables	Loans and receivables	Loans and receivables	Amortised cost	No change	No change
Trade and other payables	Loans and payables	Loans and payables	Amortised cost	No change	No change

The Group does not currently engage in any hedging activities and accordingly any changes to hedge accounting rules under AASB 9 do not impact on the Group.

Impairment

AASB 9 introduces a new expected credit loss (“ECL”) impairment model that requires the Group to adopt an ECL position across the Group’s financial assets from 1 July 2018. The loss allowances for financial assets are based on the assumptions about risk of default and expected loss rates as opposed to the previously applied incurred loss model. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Group has assessed that the risk of default is minimal for trade receivables, and as such, no impairment loss has been recognised against these receivables as at 31 December 2018.

(d) Issued standards and interpretations not early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the reporting period ended 31 December 2018. Those which may be relevant to the Group are set out in the table below, but these are not expected to have any significant impact on the Group's financial statements:

Standard/Interpretation	Application Date of Standard	Application Date for Company
AASB 16 <i>Leases</i>	1 January 2019	1 July 2019
<i>Interpretation 23 Uncertainty over Income Tax Treatments</i>	1 January 2019	1 July 2019
<i>AASB 2017-7 Amendments – Long-term Interests in Associates and Joint Venture Amendments to IAS 28 and Illustrative Example – Long-term Interests in Associates and Joint Ventures</i>	1 January 2019	1 July 2019
<i>AASB 2018-1 Amendments – Annual Improvements 2015-2017 Cycle</i>	1 January 2019	1 July 2019
<i>AASB 2018-2 Amendments – Plan Amendment, Curtailment or Settlement (AASB 119)</i>	1 January 2019	1 July 2019

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)

(e) Accounting estimates, judgements and assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Impairment of exploration and evaluation expenditures;
- Share-based payments; and
- VAT receivable.

	Consolidated Half Year Ended	
	31 Dec 2018 \$	31 Dec 2017 \$
2. OTHER INCOME		
Interest revenue	59,396	157,577
Foreign exchange gain	415,998	19,134
Total other income	475,394	176,711
3. EXPENSES AND LOSSES		
Loss from ordinary activities before income tax expense includes the following specific expenses:		
(a) Depreciation and amortisation		
Depreciation of property, plant and equipment	64,031	62,006
	64,031	62,006
(b) Exploration and Evaluation Expenditure		
Provision for non-recovery of VAT receivable ⁽¹⁾	1,123,716	-
	1,123,716	-

Note:

- 1) Refer to note 4. Current Assets – Trade and Other Receivables for details on the accounting treatment and subsequent disclosures in relation to VAT Receivables in the financial accounts of OreCorp’s African subsidiaries.

	Consolidated	
	31 Dec 2018 \$	30 Jun 2018 \$
4. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES		
GST and VAT receivable ⁽¹⁾	24,398	1,115,590
Accrued interest receivable	8,345	8,593
Other receivables	105,354	19,329
	138,097	1,143,512

Note:

- 1) Management has performed a recoverability assessment test on the VAT receivable balance in the accounts of its African subsidiaries as at the reporting date, which included reviewing the probability of receiving the refunds within a reasonable time period. This assessment has resulted in the Company making a provision for non-refunded VAT receivables, on an aged basis. Subsequently, a provision for the full balance of the VAT receivable to 31 December 2018 has been recognised.

The Company will continue to perform recoverability assessment testing on its VAT receivables at each future reporting date and will consider further adjustments should conditions in Africa allow for the reversal of earlier provisions.

VAT receivables in Africa, are audited on a six-monthly basis prior to submission to the relevant authority for refund. Prior to submission, all VAT receivables are reviewed by the Company's in-country tax advisors, who have confirmed that the VAT receivables are in good standing. Notwithstanding that a provision for non-recovery has been made, the Company expects to receive its VAT receivables at some point in the future, as is its legal entitlement.

	Consolidated	
	31 Dec 2018 \$	30 Jun 2018 \$
5. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT		
<i>Plant and equipment</i>		
Cost	516,062	509,255
Accumulated depreciation	(386,195)	(323,760)
Net carrying amount	129,867	185,495
<i>Reconciliation</i>		
Carrying amount at beginning of period	185,495	262,188
Additions	3,366	50,445
Depreciation charge for the period	(64,031)	(131,512)
Foreign exchange movement on plant and equipment	5,037	4,374
Carrying amount at end of the period, net of accumulated depreciation and impairment	129,867	185,495

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
6. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS		
<i>Exploration & Evaluation Assets</i>		
Nyanzaga JV Project, Tanzania	1,417,836	1,354,061
Net carrying amount	1,417,836	1,354,061
<i>Reconciliation - Exploration & Evaluation Assets</i>		
Carrying amount at beginning of period	1,354,061	1,320,755
Foreign exchange movement on exploration and evaluation assets	63,775	33,306
Carrying amount of Exploration and Evaluation Assets at end of the financial period, net of impairment	1,417,836	1,354,061

Note:

The Company submitted an application for a Special Mining Licence (SML) over the key licence area for the Nyanzaga project in October 2017. The existing licence remains current pending grant of the SML. As at the date of this report, no decision regarding the SML application has been received. The Company continues to carry forward the capitalised exploration and evaluation assets on the basis that it retains tenure as at 31 December 2018.

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
7. ISSUED CAPITAL		
(a) Issued and Paid Up Capital		
216,412,820 (30 June 2018: 216,412,820) fully paid ordinary shares	55,326,167	55,326,167

(b) Issues, repurchases and repayments of issued capital

There were no movements in the issued capital of the Company in either the current or the prior half year periods ended 31 December.

	Consolidated	
	31 Dec 2018	30 Jun 2018
	\$	\$
8. RESERVES		
Share-based payments reserve	1,008,501	963,895
Foreign currency translation reserve	(1,205,152)	(810,593)
	(196,651)	153,302

(a) Movements in share-based payments reserve	No. Options	A\$
	Opening balance at 1 July 2018	9,685,000
Grant of employee options and rights	4,350,000	-
Expiry of employee options	-	-
Share based payments expense	-	44,606
Closing balance as at 31 December 2018	14,035,000	1,008,501

(b) Issues, repurchases and repayments of share options

On 30 July 2018, the Company granted 1,850,000 unlisted options at an exercise price of \$0.44 each that expire on 30 July 2021 at a fair value of \$0.143 per unlisted option, under the Employee Option Acquisition Plan to key employees and consultants.

On 26 November 2018, the Company granted a further 2,500,000 unlisted options at an exercise price of \$0.44 each that expire on 30 July 2021 at a fair value of \$0.083 per unlisted option, under the Employee Option Acquisition Plan to the Company's Managing Director and to the Company's Non-Executive Directors.

9. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one operating segment and one geographical segment, being mineral exploration in Africa. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

10. CONTROLLED ENTITIES

There have been no changes to the composition of the Group during the half-year reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018
(Continued)

11. INTEREST IN OTHER ENTITIES

Joint Venture	Activity	Interest at 31 Dec 2018	Interest at 30 Jun 2018
Nyanzaga Project (Tanzania) ⁽¹⁾	Gold Exploration	25% ⁽²⁾	15%
Akjoujt South Project (Mauritania)	Copper – Nickel – Cobalt Exploration	90%	90%

Notes:

- 1) The Nyanzaga Project is the subject of an unincorporated earn-in and joint venture agreement (JVA) with Acacia.
- 2) On 6 September 2018, the Company announced it had entered into a conditional binding Completion Agreement with Acacia, to acquire 100% of NMCL, the entity which owns the Project. The Tanzanian Fair Competition Commission approved the transaction in September 2018 and the approval of the Mining Commission is currently awaited. The Company continues to work closely with the relevant authorities to complete the approval process.

12. COMMITMENTS FOR EXPENDITURE

	Consolidated Half Year Ended	
	31 Dec 2018 \$	31 Dec 2017 \$
Not longer than 1 year ⁽¹⁾	4,319,673	1,252,631
Longer than 1 year and not longer than 5 years	-	50,531
	4,319,673	1,303,162

Note:

The majority of the commitments at 31 December 2018 relates to the US\$3 million (A\$4.3 million) payable to the Acacia Group to acquire an additional 26% ownership in NMCL, which owns the Nyanzaga Project. This payment is conditional upon approval from the Tanzanian Mining Commission.

13. CONTINGENT LIABILITIES

As at 31 December 2018 and 30 June 2018, the Group did not have any contingent liabilities.

14. SIGNIFICANT POST BALANCE DATE EVENTS

There were no significant events occurring after balance date requiring disclosure.

DIRECTORS' DECLARATION



In accordance with a resolution of the Directors of OreCorp Limited:

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of Consolidated Entity's financial position as at 31 December 2018 and its performance for the half year ended on that date.

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

On behalf of the Board

A handwritten signature in blue ink that reads "Matthew Yates".

MATTHEW YATES

Chief Executive Officer & Managing Director

11 March 2019



Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Review Report to the members of OreCorp Limited

We have reviewed the accompanying half-year financial report of OreCorp Limited, which comprises the condensed statement of financial position as at 31 December 2018, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the OreCorp Limited's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of OreCorp Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of OreCorp Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of OreCorp Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Ian Skelton
Partner
Chartered Accountants
Perth, 11 March 2019

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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The Directors
OreCorp Limited
Suite 20, Level 1
513 Hay Street
Subiaco WA 6008

11 March 2019

Dear Board Members,

OreCorp Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of OreCorp Limited.

As lead audit partner for the review of the half year financial report of OreCorp Limited for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Ian Skelton
Partner
Chartered Accountants

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Member of Deloitte Touche Tohmatsu Limited

DISCLAIMER/FORWARD LOOKING STATEMENTS

Risk Factors

Many factors, known and unknown could impact on the Company's potential investment in NMCL and the Project itself. Such risks include, but are not limited to: the volatility of prices of gold and other metals; uncertainty of mineral reserves, mineral resources, mineral grades and mineral recovery estimates; uncertainty of future production, capital expenditures, and other costs; currency fluctuations; financing of additional capital requirements; cost of exploration and development programs; mining risks; community protests; risks associated with foreign operations; and governmental and environmental regulation. For a more detailed discussion of such risks and other factors that may affect the Company's ability to achieve the expectations set forth in the forward-looking statements contained in this report, see the Company's Annual Report for the year ended 30 June 2018, the Company's Prospectus dated January 2013 as well as the Company's other filings with the Australian Securities Exchange.

Forward Looking Statements

This news release contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to pre-feasibility and definitive feasibility studies, the Company's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this news release are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to the risk factors set out in the Company's Prospectus dated January 2013.

This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. The Company disclaims any intent or obligations to update or revise any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law.

Cautionary Statements

The Pre-Feasibility Study in respect of the Nyanzaga Project referred to in the Company's announcements on 13 March 2017 and 12 September 2017 and in subsequent ASX announcements is based on moderate accuracy level technical and economic assessments. The PFS is at a lower confidence level than a Feasibility Study and the Mineral Resource Estimate (MRE) which forms the basis for the PFS is not sufficiently defined to allow conversion to an Ore Reserve or to provide assurance of an economic development case at this stage; or to provide certainty that the conclusions of the PFS will be realised. The PFS includes a financial analysis based on reasonable assumptions on the Modifying Factors, among other relevant factors, and a competent person has determined that, based on the content of the PFS, none of the Mineral Resources may be converted to an Ore Reserve at this time. Further, the financial analysis in the PFS is conceptual in nature and should not be used as a guide for investment.

88% of the existing MRE in respect of the Nyanzaga Project is in the Indicated and Measured categories, with the balance of 12% classified in the Inferred category. There is a low level of geological confidence associated with

Inferred mineral resources and there is no certainty that further exploration work will result in the determination of Indicated or Measured Mineral Resources. Furthermore, there is no certainty that further exploration work will result in the conversion of Indicated and Measured Mineral Resources to Ore Reserves, or that the production target itself referred to in the Company’s announcement on 13 March 2017 and 12 September 2017 and in subsequent ASX announcements will be realised.

The consideration of the application of all JORC modifying factors is well advanced, including mining studies, processing and metallurgical studies, grant of the Environmental Certificate, lodgement of the Special Mining Licence Application and other key permits required from the government. The Company has concluded it has a reasonable basis for providing the forward-looking statements included in this announcement and believes that it has a “reasonable basis” to expect it will be able to fund the development of the Project.

All material assumptions on which the forecast financial information is based, are referred to in the Company’s announcement on 13 March 2017 and 12 September 2017 and in subsequent ASX announcements.



Nyanzaga Hill, North looking South

JORC 2012 COMPLIANCE STATEMENTS

Nyanzaga Project

The information in this report relating to the Nyanzaga Project is extracted from the ASX Announcements dated; 6 September 2018 titled “Nyanzaga Project Update - FCC Approval Obtained and Completion Agreement to acquire 100% of the Project Signed”, 20 July 2018 titled “Nyanzaga Project Update – Completion of Earn-in Phase and Execution of Conditional Heads of Agreement to acquire 100% of the Project”, 25 June 2018 titled “Further update regarding discussions between Barrick and the Government of Tanzania”, 30 April 2018 titled “March 2018 Quarterly Report”, 19 February 2018 titled “Acacia Press release to LSE Dated 16 February 2018”, 14 February 2018 titled “Grant of Environmental Certificate for the Nyanzaga Gold Project”, 12 September 2017 titled “Mineral Resource Estimate Update for the Nyanzaga Project in Tanzania Increasing Category and Grade”, 10 July 2017 titled “Further Update on Proposed Legislative Changes in Tanzania”, 30 June 2017 titled “Proposed Tanzanian Legislative Changes, Infill Drilling Results and Project Update at Nyanzaga”, 11 May 2017 titled “Infill Drilling Results Further Demonstrate Outstanding Potential of Nyanzaga Project” and 13 March 2017 titled ‘Pre-Feasibility Study Demonstrates Significant Potential of Nyanzaga Gold Project’, which are available to view on the Company’s website ‘orecorp.com.au’.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the Announcements referred to above and, in the case of (i) estimates of Mineral Resources, (ii) Metallurgical Testwork and Results, and (iii) Exploration Results in relation to the Nyanzaga Project (Project Results), that all material assumptions and technical parameters underpinning the Project Results in the original Announcement referred to above continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the original announcements referred to above.

Akjoujt South Project

The information in this report relating to the Akjoujt South Project is extracted from the following original ASX Announcements dated; 31 July 2018 titled “June 2018 Quarterly Report”, 24 April 2018 titled ‘Diamond/RC drilling Generates Further Significant Nickel-Copper-Cobalt Mineralisation at Akjoujt South Project in Mauritania’, 17 January 2018 titled ‘Trenching Generates Nickel-Copper Anomalism & RC-Diamond Drilling Commences at Akjoujt South Project in Mauritania’, 27 November titled ‘Moving Loop EM Survey Generates Outstanding Results’, 26 June 2017 titled ‘Drilling Confirms Discovery of an Extensive Nickel-Copper Mineralised System at Akjoujt South Project, Mauritania’, 24 March 2017 title ‘Drill Targets Identified from EM Survey Akjoujt South Project Mauritania’, 2 August 2016 titled ‘Significant Nickel-Copper Drill Intercepts from Akjoujt South Project, Mauritania’ and 1 July 2016 titled ‘Drilling Update and Ground Magnetic Anomalies Identified’, which are available to view on the Company’s website ‘orecorp.com.au’.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX Announcements referred to above and, in the case of Exploration Results, that all material assumptions and technical parameters underpinning the Exploration Results in the original ASX Announcements referred to above continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original ASX Announcements referred to above.



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