

ASX ANNOUNCEMENT

29 April 2022



OREXPLORE
TECHNOLOGIES

ABN 98 645 505 406

Quarterly Activities & Cash Flow Report Period Ended March 2022

Quarter Highlights

- Orexplore commenced trading on the ASX after a strongly supported Priority Offer following the demerger from Swick Mining Services.
- Deepening customer engagement resulting in a commercial field deployment of the technology valued at circa \$170k with Wiluna Mining for the scanning and analysis of ~2,000m of NQ core on-site across approximately two months.
- Commercial project valued at circa \$110k continued for Western Areas, scanning over 1,200m of drill core continued through Orexplore's Perth based facility.
- Full scale in-kind field trial with large international miner continued including additional training of field personnel and testing of technology solutions.
- Positive outlook with growing customer pipeline.
- Cash receipts from customers of \$110k in Q1 FY22.
- Cash balance at 31 March 2022 of \$12.66m (no debt) and continued focus on financial discipline.

Perth, Australia; 29 April 2022 – Orexplore Technologies Limited (**ASX: OXT**) (“Orexplore” or the “Company”), a globally focused mineral scanning technology company concentrating on the mining and metals sector, is pleased to provide its Quarterly Activities and Cash Flow Report for the period ending 31 March 2022.

Commenced trading on the ASX

Orexplore commenced trading on the Australian Securities Exchange (ASX) on 21 January 2022 following a strongly supported Priority Offer of \$2.44m, in addition to the \$12m seed funding amount through the Swick Mining Services Limited (“Swick”) demerger.

The demerger and listing has allowed Orexplore to accelerate its business and technology strategies, focused on commercialising the technology platform through targeted customer value propositions across the mining value chain. Orexplore's technology enables mining companies to scan and analyse drill core in a faster and more sustainable way, allowing these companies to make higher quality critical decisions more rapidly.

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Commercial contracts and field trials underway

Since listing, the Company has continued to accelerate its strategy to commercialise its non-destructive scanning technology.

On 29 March 2022, the Company announced the signing of a binding agreement with ASX listed gold miner Wiluna Mining Corporation Limited (“Wiluna”). The two-month agreement valued at \$170K is for Orexplore to deliver site-based drill-core scanning services to support the current exploration drill campaign activities.

The scope of the initial field deployment is focused on the scanning and analysis of a minimum commitment of 2,000m of scanned core on-site and delivered across a period of approximately two months. Subject to site conditions and the campaign status, additional core quantities may be added to the scanning program to be determined by Wiluna.

A commercial project valued at circa \$110k continued for Western Areas Limited, scanning over 1,200m of drill core through the Company’s Perth based facility with supporting analysis undertaken by the consulting geology team with client personnel.

Orexplore’s activity is increasing and customer engagement is deepening with multiple small scale commercial and in-kind trials underway, which are a critical step to validating technology solutions and generating additional commercial orders.

An in-kind field trial was conducted with three Geocore X10® units on a large international mining company’s operational site, including further scanning and training of site personnel in the use of the technology. A comparison of a range of Geocore X10® deliverables with traditional analysis methods has helped to further validate and refine site-based value propositions. The reliability and availability of the field systems remained high across the trial.

Customer out-reach increased further through the quarter, alongside marketing & communications efforts, with visits to the Perth and Stockholm laboratories from multiple customers, attendance at the RIU Explorers Conference 2022, planning and international business out-reach, and advancement of the sales systems and processes.

Building commercialisation capabilities

Strengthening the team’s capabilities to accelerate sales and deliver on engagements is also a priority of the Company, alongside progressing technological advancements.

Commercialisation focused team recruitment continued through the period including the head of sales, mechatronics and data science roles. A focus on products for commercialisation, resulted in a reduction in some R&D expenditure and an increase in operational delivery and support roles, including the commencement of a mechatronics engineer based in the Perth office to further build the Company’s support and deployment capability and capacity.

Orexplore’s engineering and geology groups continued to collaborate, working with customers and industry bodies to further understand their needs and continue to convert them into requirements to further advance the Company’s value propositions. This process also ensures resource allocation is balanced between shorter and longer term

customer delivery and technology development projects and advancing market and customer demands for technology solutions.

Short term development projects are focused on combining and configuring existing features of the Orexplore solution suite to service current client requirements. Projects driven by the longer term strategic plan integrate emergent customer requirements with well-engineered industry leading advances in the technology and software platform.

The consulting geology team continued market testing of the Company's technology. This resulted in an increased focus on customer engagement processes and the subsequent sale to Wiluna of the exploration decision support value proposition. Additional value propositions such as ore sorting, and potential sample optimisation and grade control solutions were further tested and advanced with the market, including some early-stage small-scale commercial ore-sorting prototyping through the Perth laboratory.

The Stockholm Research & Development ("R&D") group delivered product improvements across the quarter including additional functionality and performance of the Orexplore Insight® platform to meet customer requirements. The team continued to support the Geocore X10® fleet upgrades and units in active trials and delivery of laboratory-based projects. Planning and execution of the R&D pipeline was driven by the focus placed on supporting the Orexplore Value Propositions that are gaining traction with customer trials and projects.

David French was appointed as Chief Financial Officer, based in Perth. Mr French brings a wealth of financial executive experience, with a skillset that also includes strategic execution and strong commercial acumen, supporting companies with their international expansion and ensuring robust financial management.

Orexplore's Managing Director, Brett Giroud, commented:

"2022 commenced with Orexplore's listing on the ASX, with the goal to demonstrate how our Technology Platform can create value for mining companies, offering near real-time field-connected information from drilling to deliver multiple value propositions within our customers' businesses and operations across the mining value chain. With this technology, we are connecting our customers geologists and decision makers to their resources and reserves anywhere in the world only hours after it is drilled".

"Demand for our technology is increasing, and our recently announced contract with Wiluna demonstrates initial success in our commercialisation strategy, with a number of revenue earning small scale projects, and a significant in-kind field trial also underway."

"As one of the pioneers introducing next generation digital mineral analysis technology to the mining industry, we are excited for what lies ahead of us. The global market opportunity is rapidly expanding, and we are focused on growing our active pipeline of opportunities to create value for our customers and shareholders."

Corporate & Financial

The Company's appendix 4C for the Quarter ending 31 March 2022 is attached. The Company had a cash balance of \$12.66m at the end of the period with no debt. Robust financial management continues to be a priority for the business.

Cash receipts from customers were \$110k and the Company recorded net operating cash outflows during the quarter of \$1.65m.

Cash flows from financing activities during the quarter included \$2.44m raised by the Company under a priority offer of shares to eligible Swick Mining Services Ltd ("Swick") shareholders at an issue price of \$0.25 each ("Priority Offer") in conjunction with the demerger from Swick. Transaction costs of \$604k were paid during the quarter in relation to the Company's Priority Offer, Swick demerger and ASX listing of which \$179k plus GST will be reimbursed by Swick to the Company during the quarter ending 30 June 2022.

In accordance with ASX listing rule 4.7C.3, payments to related parties of the Company and their associates during the quarter totalled \$141k. These payments are related to the Managing Director salary and Non-executive Directors fees. Refer to the Remuneration Report in the 2021 Annual Report for further details on director remuneration.

Pursuant to ASX listing rule 4.7C.2, the Company advises the proposed use of funds contained in section 1.7 of Orexplore's Prospectus dated 22 November 2021 in comparison to the actual use of funds following admission of the Company to the official list of the ASX.

Use of Funds	Estimate for the two years post ASX admission including Priority Offer Funds	Actual Use since ASX admission to 31 March 2022
Business development, sales and marketing	\$3,750,000	\$172,671
Product and service development (incl. R&D)	\$6,400,000	\$846,789
Operations (site and laboratory)	\$1,400,000	\$137,242
Working capital/corporate expenses	\$2,974,457	\$671,284
Total	\$14,524,457	\$1,827,986

Working capital/corporate expenses actual use of funds included \$98,077 of insurances paid in January 2022 for policies expiring in December 2022 and \$314,776 of transaction expenses related to the Swick demerger and Priority Offer of which \$178,963 plus GST will be reimbursed by Swick to the Company during the quarter ending 30 June 2022.

Orexplore confirms that it expects to utilise the funds raised under its Prospectus in accordance with the use of funds statements, and the key business objectives underlying the expected use of funds remain intact.

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This ASX announcement was authorised for release by the Board of the Company

About Orexplore Technologies

Orexplore Technologies Limited (ASX: OXT) is a globally focused mineral technology business concentrating on advancing the commercialisation of its Technology Platform across the mining value chain within the global metals and mining sector. The Company's Technology Platform consists of the GeoCore GX10® hardware product and Orexplore Insight user interface software, that is continually advancing through its in-house multi-disciplinary research and development team based in Stockholm, Sweden.

Orexplore's first product, the GeoCore X10®, is a transportable X-ray rock mass scanning technology that converts drill core samples into a three-dimensional data set to provide a "through the rock" image of internal structures and texture in addition to elemental detections, and density.

The Company maintains two core-scanning laboratories in Stockholm where it undertakes scanning operations, and in its headquarters in Perth, Western Australia. Orexplore's talented global team includes consulting geologists, engineers, data scientists and physicists, and technology delivery experts. The group continues to advance its solutions through development and delivery of customer Value Propositions powered by its products.

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Disclosure Statement:

These materials include forward looking statements. Forward looking statements inherently involve subjective judgement and analysis and are subject to significant uncertainties, risks, and contingencies, many of which are outside of the control of, and may be unknown to, the Company. Actual results and developments may vary materially from those expressed in these materials. The types of uncertainties which are relevant to the Company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the Company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, the Company does not in providing this information undertake any obligation to publicly update or revise any of the forward-looking statements or any change in events, conditions, or circumstances on which any such statement is based.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Orexplore Technologies Limited

ABN

98 645 505 406

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	110	110
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(148)	(148)
(c) advertising and marketing	-	-
(d) leased assets	(118)	(118)
(e) staff costs	(962)	(962)
(f) administration and corporate costs	(528)	(528)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,646)	(1,646)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(226)	(226)
(d) investments	-	-
(e) intellectual property	(179)	(179)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(405)	(405)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,437	2,437
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(604)	(604)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,833	1,833

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,644	12,644
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,646)	(1,646)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(405)	(405)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,833	1,833
4.5	Effect of movement in exchange rates on cash held	235	235
4.6	Cash and cash equivalents at end of period	12,661	12,661

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	12,661	12,644
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,661	12,644

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	141
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,646)
8.2 Cash and cash equivalents at quarter end (item 4.6)	12,661
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	12,661
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.69
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022.....

Authorised by: By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.