

ASX ANNOUNCEMENT

31 October 2022



Quarterly Activities & Cash Flow Report Period Ended September 2022

Quarter Highlights

- Contract award with OZ Minerals Limited (“Oz Minerals”) of circa \$2.35m full field deployment with 3 GX10 machines.
- Executing the OZ Minerals project - including field and remote operations, study integration, and supporting systems and logistics.
- Multiple technology advancements on the base GX10 machine improving scan quality, reliability, and performance.
- Rapid design, manufacture, and delivery of new GeoCore X10® (“GX10”) “HQ scanning” machine – significant addressable market increase.
- Data science team quickly advancing products for customers and projects generated from the unique 3D data-set - including RQD (rock quality designation); semi-automatic structures; and 3D particle analysis powering Orexplore’s digital ore sorting product.
- Accelerated Latin American sales outreach building pipeline, customer engagements and proposal opportunities.
- Continued laboratory scanning and product development work across Perth and Stockholm for customers.
- Q3FY22 operating cash receipts of \$684k.
- Cash balance at 30 September 2022 of \$8.94 million (no debt) with continued focus on financial discipline.

Perth, Australia; 31 October 2022 – Orexplore Technologies Limited (**ASX: OXT**) (“Orexplore” or the “Company”), a globally focused mineral scanning technology company concentrated on the mining and metals sector, is pleased to provide its Quarterly Activities and Cash Flow Report for the quarter ended 30 September 2022. (“Q3FY22”)

Comments by Orexplore Managing Director, Brett Giroud:

“The September Quarter was transformational for Orexplore. Despite current macro conditions, we are delivering on our plan, including securing the Company’s largest ever contract of \$2.35m for a resource to reserve acceleration project with OZ Minerals”.

“We have significantly advanced our business development activities in Latin America supported by a new sales team with direct experience successfully delivering other advanced technology historically into the region. This is already gaining traction with increased market awareness and enquiry from potential customers.



“We are excited about the global opportunity of this business and remain highly focused on our commercialisation and operational delivery in the Australian region.

“Our capability to design, manufacture and deliver new technology advances has been demonstrated again recently having rolled out a significant core size handling increase across the GX10 platform. I am particularly proud of our excellent team, being able to turn customer requirements into reality so quickly, demonstrating our agility and pace in the industry as we seek to take a leadership role in the digital transformation of mining.”

Quarter Activities

Significant contract win

Q3FY22 was highlighted by the major contract win with OZ Minerals (*see ASX release dated 7 July 2022*), and the associated operational ramp-up of the Company to deliver the project.

The project is centred around a field deployment of Orexplore technology to support an accelerated “resource to reserve” study process at a large existing core farm, and comprises scanning and analysis of around 30,000m of drill core. This is underpinned through developing and delivering new and unique geological orebody information from the GX10 field units and connecting this remotely to study teams to support new data driven processes focused on optimising resource, scale, and value outcomes.

The agreement with OZ Minerals is significant to Orexplore in that it represents a fully commercial site deployment of the technology platform to help power an accelerated resource to reserve process. Through the platform’s unique ability to scan through the entire core, the system can build 3D digital models that support the extraction of previously unavailable information from the core.



Figure 1 – Containerised deployment



This copper/gold orebody characterisation product is notably adjacent to the exploration mineralisation vectors, and other operations and projects focused products, which is a good reflection of the broad applicability of the technology across the mining value chain, and its multi-commodity suitability.

Information from GX10 drill core scans can be available in as little as 15 minutes upon presentation of core in the field. The Orexplore Insight® software provides the platform to connect remote geological decision-makers anywhere in the world to analyse and interpret results to accelerate decision-making.

Importantly, the non-destructive nature of the core scanning system, enables multiple functions within a customers' business to centrally collaborate around a single "digital source of the truth". This can save time, money, and company resources from needing to produce excessive drill core due to each function requiring its own destructive testing processes.

The Orexplore technology does not destroy or reduce the core in any way which saves additional time and money and avoids associated emissions, polluting chemicals, and the crushing into smaller containers (with associated loss of information) of other processes and technologies.

The physical deployment to site commenced during the latter part of the quarter under review and despite weather-related delays, scanning activities are expected to commence during Q4FY22 with full operational site scanning capacity being reached before the end of Q4FY22. Initial project revenue flows in Q3FY22 relate to project initiation work to co-develop the new resource to reserve study systems and processes that ingest the GX10 data; build, test and deploy project operational systems; and site-based activities including geological reviews and drill core farm audit work in advance of the start of scanning activities.

Sales and Pipeline

Market and customer intelligence was significantly advanced in the Latin American region during Q3FY22 through the local Chilean sales team directly engaging with several potential customers. This has identified a set of large existing core farms across a number of companies in the region and built knowledge of the annual exploration metres across key potential customers.

Multiple meetings and presentations were supported by local language sales collateral and were well received, translating into further corporate and site engagements.

The sales team was active at conferences and events during the period including the Australian-based Diggers and Dealers, and Chilean-based Fexmin, and continued to engage customers through the Company's core scanning laboratories and direct outreach, resulting in initial small commercial scanning projects for two global Tier-1 gold miners.

Social media out-reach continued across the period with high-quality advances across key metrics such as audience growth and messaging effectiveness.



Operations

Orexplora has significantly advanced its field operational readiness across its systems, processes, and teams.

In support of the OZ Minerals contract award, a fully containerised solution with three GX10 units was prepared, including numerous design improvements for field operability.

A significant focus was placed on project ramp up, including geological and logistics reviews through multiple site trips / audits. Digital safety systems were implemented and rolled out across the operations team, and a new project management system was commenced.

The Orexplore team commenced study integration works with the broader Oz Minerals study team to guide the advancement of traditional systems and processes to ingest the GX10 data. By working collaboratively with the study team, connectivity between the high-resolution 3D field information and the techno-economic value drivers of multiple study options was created. This “field-sensed to option value” mechanism is a significant enabler of the targeted resource to reserve conversion acceleration.

Laboratory scanning operations continued across the period, including the initial utilisation of the new HQ capable machine for customer core scanning, and product development work in collaboration with customers through the geology and engineering teams.

Rapid technology delivery

The Company demonstrated its capability, capacity, and pace to design, develop and manufacture a significant improvement to the GX10 machine during the quarter under review through the roll-out of HQ core size scanning functionality.

The engineering capability increase within the Perth office enabled the rapid design and advanced manufacture of this new handling system upgrade, with a combined Stockholm/Perth team working across time zones using central digital design systems to rapidly prototype and manufacture this additional upgrade to the platform.

New local Australian-based suppliers were successfully engaged to manufacture components in conjunction with the Company’s in-house 3D printing and other capabilities. This exercise bolstered both the development pace of the Company and security of supply lines at the same time.

This system was rolled out in approximately half the time of prior expectations and is an excellent reflection of Orexplore’s pace and capability growth, and the Company’s ability to deliver deep technology to meet customer demands.





Figure 2 - HQ capable GX10

The HQ capable system opens up a significant increase in the serviceable available market for Orexplore and represents an excellent return on investment.

Note: see Table 7 (p27) of Minex Consulting report from Annexure C of the prospectus – total available drilled core (all sizes) of 107.8 million metres for 2022 – of which 58.3 million metres were NQ size or less (previous machine restriction).

Note that additional metres above NQ consist of a combination of HQ and PQ style and PQ style remains outside of the machine capability.

In support of the OZ Minerals contract the Company's containerised solution was further advanced to increase its field robustness and operability. This included electro-mechanical systems, environmental control, transport and handling efficiency measures and technology and safety improvements.

Orexplore also advanced its core handling systems, QA/QC processes and systems, carbon-fibre tubes and engineering support and field deployments systems during the period to ensure the Company is well placed to efficiently support field deployments and maintain a high reliability across the fleet.

Building commercialisation and technology capabilities

The data science, and Insight® user interface development teams are rapidly expanding the capabilities of the system and further developing existing data products and creating new data products that underpin the Company's ability to demonstrate value to customers and secure contracts.

The Orexplore Insight® platform remains a high priority for functionality and performance upgrades to support the delivery of the Company's products. This in-house developed



software is the main user interface for geologists and mining professionals to interface with the system and undertake 3D analysis and annotation of the scanned core.

Orexplore's machine learning capability and development continues with a view to assisting users of the platform to semi-automatically analyse core and learn from human analysis over time.

Product-market traction advanced significantly through the selection of the technology to support accelerated resource to reserve conversion for Oz Minerals. This solution is delivered through a set of software data products, collectively referred to as "Orebody knowledge" (such as high resolution RQD, lithology, elements, density etc.) that are powered by the GX10/Insight platform and in some cases are also connected through API data streams to other systems and processes.

This resource to reserve conversion product is beneficially adjacent to the exploration mineralisation vectors product sold previously to Wiluna Mining and is suitable across a broad range of base and precious metals and commodities.

The Company also advanced its potential ore sorting product in Q3FY22 through small-scale initial commercial engagements with customers. This product seeks to deliver a high-resolution deposit sortability model that can potentially improve the techno-economics of ore bodies. Customers are indicating their desire for such a product and working with Orexplore on how a field-based sensing solution would power a valuable sorter product that could potentially assist in the improvement of marginal ore bodies.

Further solutions such as sample screening, operational grade control, and adjacent sector applications such as battery minerals / waste sorting were also advanced during the period.

On the corporate front, Greg Haskis who has over 30 years' experience, including technology and ASX regulatory compliance was appointed as the permanent Chief Financial Officer for Orexplore. Greg continued to bring financial discipline and further integration of systems and processes to support operations.

Research and development

Concurrent with the commercialisation process, the Orexplore Technology Platform is undergoing continual development to upgrade its capabilities through the Stockholm based Product and R&D group. Multiple advanced sensing instrument / systems projects are under development including advances to the current systems and instruments, and new instrument developments.

In addition to the current commercialisation focus across the teams, the Company maintains a valuable and advancing suite of Research and Development projects. As a deep technology company that invents, designs, builds and commercialises technologies, this remains an important attribute of the Company and importantly differentiates the business from the myriad of "geo/data science" companies that rely on the use of data produced from other companies' sensing systems.



Corporate & Financial

The Company's appendix 4C for the Quarter ending 30 September 2022 is attached. As at 30 September 2022, cash holdings were A\$8.94 million with no debt.

Robust financial discipline continues to be a priority for the business.

Net cash operating cash outflows for the quarter under review totalled \$1.63 million (Q1 FY22: \$1.66 million). Operating cash inflows for Q3FY22 increased as compared to the earlier quarters of FY22 to \$684k and included receipts from commercial engagements as well as the final receipt of a European Union grant for a multi-year research project where Orexplore was a key member of the project consortium.

Investment cash outflows to expand Company capability for Q3FY22 were \$231k (Q2FY22: \$302k). Financing activity inflows of \$178k represent receipts from the Group's former parent (Swick Mining Services) for expenses paid by the Company earlier in the year but funded by Swick under demerger arrangements.

In accordance with ASX listing rule 4.7C.3, payments to related parties of the Company and their associates during the quarter totalled \$266k. These payments are related to the Managing Director's remuneration (including incentive awards) and Non-executive Directors' fees.

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 is as follows:

Use of Funds	Estimate for the two years post ASX admission including Priority Offer Funds \$'000	Actual Use since ASX admission to 30 September 2022 \$'000
Business development, sales and marketing	3,750	893
Product and service development (incl. R&D)	6,400	2,473
Operations (site and laboratory)	1,400	721
Working capital/corporate expenses	2,974	1,466
Total	14,524	5,553

"Working capital/corporate expenses" actual use of funds includes approximately \$455k of transaction expenses related to the Swick demerger and Priority Offer.

Orexlore 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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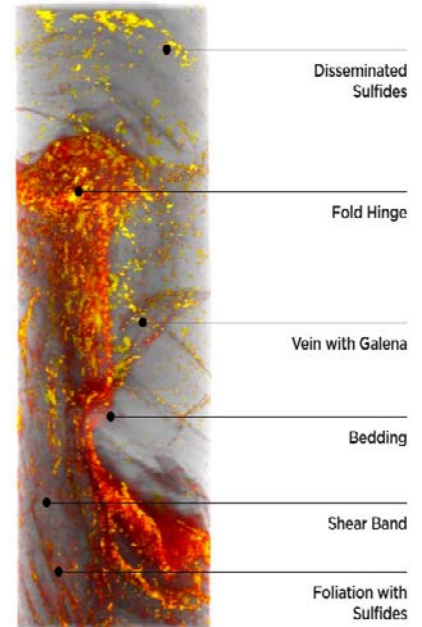
This ASX announcement was authorised for release by the Board of Orexplore Technologies Limited

About Orexplore Technologies

Orexplore Technologies Limited (ASX: OXT) is a globally focused mineral technology business concentrated 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

Orexplora Technologies Limited

ABN

98 645 505 406

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	137	266
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(439)	(603)
(c) advertising and marketing	(18)	(76)
(d) leased assets	(116)	(348)
(e) staff costs	(1,178)	(3,108)
(f) administration and corporate costs	(564)	(1,642)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	547	547
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,627)	(4,960)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(125)	(437)
(d) investments	-	-
(e) intellectual property	(108)	(503)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	2	2
	(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	(231)	(938)
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	179	(455)
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	179	1,982
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	10,633	12,644
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,627)	(4,960)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(231)	(938)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	179	1,982
4.5	Effect of movement in exchange rates on cash held	(19)	207
4.6	Cash and cash equivalents at end of period	8,935	8,935

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	8,935	10,633
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)	8,935	10,633

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	266
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)	(1,627)
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,935
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	8,935
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.5
<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: 31 October 2022

Authorised 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.