

**ORION METALS LIMITED**

ACN 096 142 737

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 AUGUST 2013**

## **Orion Metals Limited**

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## Corporate information

Directors	Conglin Yue (Chairman) Bin Cai (Executive Director/CFO) Yanchun Wang (Non-Executive Director) Dr Tao Li (Non-Executive Director)
Company secretary	Bill Lyne
Registered office	Level 24 Riparian Plaza 71 Eagle Street Brisbane QLD 4000
Share registry	Link Market Services Limited Level 15 324 Queen Street Brisbane Qld 4000 Telephone: + 61 2 8280 7111 Facsimile: + 61 2 9287 0303
Auditor	BDO Audit Pty Ltd Level 10 12 Creek Street Brisbane Qld 4000 Telephone: + 61 7 3237 5999 Facsimile: + 61 7 3221 9227
Lawyers	Ashurst Australia Level 38, Riverside Centre, 123 Eagle Street, Brisbane QLD 4000 Telephone: +61 7 3259 7000 Facsimile: +61 7 3259 7111
Stock exchange listing	Orion Metals Limited shares are quoted on the Australian Securities Exchange under the code 'ORM'
Website address	<a href="http://www.orionmetals.com.au">www.orionmetals.com.au</a>

# Orion Metals Limited

## Directors' report

The Directors of Orion Metals Limited ('ORM' or 'the Company') submit herewith the interim financial report of the Company for the half-year ended 31 August 2013.

### Directors

The names and details of the Directors of the Company in office during the half-year and until the date of this report are:

Conglin Yue (Chairman)  
Bin Cai (Executive Director/Chief Financial Officer)  
Yanchun Wang (Non-Executive Director)  
Dr Tao Li (Non-Executive Director)

### Principal activities

The principal activity of the Company during the period was exploration for rare earth metals and gold.

### Review of operations

The Company recorded a loss after tax of \$354,224 for the half-year ended 31 August 2013 (31 August 2012: \$1,345,227). There were no impairment losses during the period (2012: \$924,058).

*Key exploration activities for the period included:*

#### ***Killi Killi Hills***

- Detailed geological mapping in a targeted shear zone,
- Comprehensive review of previous exploration data, and
- A Reverse Circulation programme is planned, pending native title clearance with the Kimberley Land Council.

#### ***Broughton Creek***

- A ground based radiometric survey was conducted to better define the previously identified airborne anomalies in the area, and
- A Reverse Circulation drilling programme commenced on 27 August 2013 and was completed in September.

There were no significant changes to the Company's corporate activities during the period.

## **Orion Metals Limited**

### **Directors' report (Continued)**

#### **Review of operations (Continued)**

##### **Subsequent events**

Other than as disclosed in this report, no other matters or circumstances have arisen since the end of the period which significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the period under review.

##### **Auditor's independence declaration**

The auditor's independence declaration is included on page 5 of the interim financial report.

Signed in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to be 'Conglin Yue', written in a cursive style.

Mr. Conglin Yue  
Chairman

Hong Kong, 13 November 2013

## DECLARATION OF INDEPENDENCE BY ANTHONY WHYTE TO THE DIRECTORS OF ORION METALS LIMITED

As lead auditor for the review of Orion Metals Limited for the half-year ended 31 August 2013, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Orion Metals Limited and the entities it controlled during the period.

**A J Whyte**

Director



**BDO Audit Pty Ltd**

Brisbane, 13 November 2013

# Orion Metals Limited

## Consolidated statement of financial position As at 31 August 2013

	Note	\$ 31 August 2013	\$ 28 February 2013
<b>Current assets</b>			
Cash and cash equivalents		1,936,227	2,298,942
Trade and other receivables		22,995	226,560
Other current assets		23,818	5,772
<b>Total current assets</b>		<b>1,983,040</b>	<b>2,531,274</b>
<b>Non-current assets</b>			
Investment in associate	5	-	-
Exploration and evaluation assets		1,464,854	1,278,823
Property, plant and equipment		5,564	4,985
<b>Total non-current assets</b>		<b>1,470,418</b>	<b>1,283,808</b>
<b>Total assets</b>		<b>3,453,458</b>	<b>3,815,082</b>
<b>Current liabilities</b>			
Trade and other payables		73,877	95,631
Employee benefits		26,465	12,111
<b>Total current liabilities</b>		<b>100,342</b>	<b>107,742</b>
<b>Total liabilities</b>		<b>100,342</b>	<b>107,742</b>
<b>Net assets</b>		<b>3,353,116</b>	<b>3,707,340</b>
<b>Equity</b>			
Issued capital	4	12,573,010	12,573,010
Options reserve		467,838	467,838
Accumulated losses		(9,687,732)	(9,333,508)
<b>Total equity</b>		<b>3,353,116</b>	<b>3,707,340</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Orion Metals Limited

### Consolidated statement of comprehensive income

For the half-year ended 31 August 2013

	Notes	\$ 2013	\$ 2012
Other income		-	31,926
Consultant and contractor expense		(36,490)	(143,404)
Depreciation expense		(598)	(500)
Occupancy expenses		-	(12,075)
Salaries & wage expenses		(206,575)	-
Other administrative expenses		(153,682)	(330,122)
Impairment loss - investments	5	-	(924,058)
Impairment loss - exploration and evaluation asset		-	(43,919)
<b>Results from operating activities</b>		<b>(397,345)</b>	<b>(1,422,152)</b>
Finance income		43,121	76,925
Finance costs		-	-
Net finance income/(costs)		43,121	76,925
Profit/(Loss) before income tax		(354,224)	(1,345,227)
Income tax expense		-	-
<b>Profit/(loss) after income tax</b>		<b>(354,224)</b>	<b>(1,345,227)</b>
<b>Other comprehensive income</b>		-	-
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive income for the period</b>		<b>(354,224)</b>	<b>(1,345,227)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(354,224)	(1,345,227)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(354,224)	(1,345,227)
<b>Earnings per share</b>			
Basic earnings per share		\$ (0.004)	\$ (0.016)
Diluted earnings per share		\$ (0.004)	\$ (0.016)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



## Orion Metals Limited

### Consolidated statement of changes in equity For the half-year ended 31 August 2013

	Issued capital \$	Options reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 March 2013</b>	<b>12,573,010</b>	<b>467,838</b>	<b>(9,333,508)</b>	<b>3,707,340</b>
Net loss	-	-	(354,224)	(354,224)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(354,224)</b>	<b>(354,224)</b>
<b>Transactions with owners, recorded directly in equity</b>				
Shares issued during the half-year	-	-	-	-
<b>Balance at 31 August 2013</b>	<b>12,573,010</b>	<b>467,838</b>	<b>(9,687,732)</b>	<b>3,353,116</b>
<b>Balance at 1 March 2012</b>	<b>11,272,741</b>	<b>467,838</b>	<b>(7,863,587)</b>	<b>3,876,992</b>
Net loss	-	-	(1,345,227)	(1,345,227)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(1,345,227)</b>	<b>(1,345,227)</b>
<b>Transactions with owners, recorded directly in equity</b>				
Shares issued during the half-year	930,000	-	-	930,000
Transaction costs recognised during the half-year	(4,731)	-	-	(4,731)
<b>Balance at 31 August 2012</b>	<b>12,198,010</b>	<b>467,838</b>	<b>(9,208,814)</b>	<b>3,457,034</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Orion Metals Limited

### Consolidated statement of cash flows For the half-year ended 31 August 2013

	2013 \$	2012 \$
<b>Cash flows from operating activities</b>		
R&D tax refund	212,214	-
Payments to suppliers and employees	(458,714)	(570,850)
Interest received	43,088	96,073
Net cash used in operating activities	<u>(203,412)</u>	<u>(474,777)</u>
<b>Cash flows from investing activities</b>		
Payments for investments	-	(924,058)
Receipt/payment for financial assets	-	500,000
Payments for plant and equipment	(1,177)	-
Payments for exploration and evaluation assets	(158,126)	(321,706)
Net cash used in investing activities	<u>(159,303)</u>	<u>(745,764)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	-	930,000
Share issue costs	-	(4,731)
Proceeds from borrowings	-	350,000
Net cash provided by/(used) by financing activities	<u>-</u>	<u>1,275,269</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(362,715)</b>	<b>54,728</b>
<b>Cash and cash equivalents at the beginning of the half-year</b>	<b>2,298,942</b>	<b>525,384</b>
<b>Cash and cash equivalents at the end of the half-year</b>	<b><u>1,936,227</u></b>	<b><u>580,112</u></b>

The above consolidated statement of cash flows should be read in conjunction with the accompany notes.

# Orion Metals Limited

## Notes to interim financial report for the half-year ended 31 August 2013

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# Orion Metals Limited

## Notes to interim financial report for the half-year ended 31 August 2013

### 1 Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 August 2013 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The historical cost basis has been used.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 28 February 2013 and any public announcements made by Orion Metals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

### 2 Operating segments

#### *Identification of reportable operating segments*

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity is managed primarily on a geographic basis, that is, the location of the respective areas of interest (tenements) in Australia.

Operating segments are determined on the basis of financial information reported to the board which is at the consolidated entity level. The consolidated entity does not have any products/services it derives revenue from.

Accordingly, management currently identifies the consolidated entity as having only one reportable segment, being exploration for gold and rare earth metals (REE). There have been no changes in the operating segments during the period. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity as a whole.

### 3 Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The ability of the consolidated entity to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent on the ability of the consolidated entity to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development.

# Orion Metals Limited

## Notes to interim financial report for the half-year ended 31 August 2013

### 4 Contributed equity

	31 August 2013	28 February 2013
	\$	\$
92,347,443 (28 February 2013: 92,347,443) fully paid ordinary shares	12,737,219	12,737,219
Transaction costs relating to share issues (net of tax)	(164,209)	(164,209)
	<u>12,573,010</u>	<u>12,573,010</u>

	Consolidated entity 2013		Consolidated entity 2012	
	#	\$	#	\$
<b>a) Ordinary shares</b>				
Balance at the beginning of the half-year	92,347,443	12,573,010	79,597,443	11,272,741
- Share placements at 10 cents per share	-	-	3,500,000	350,000
- Share placements at 10 cents per share	-	-	4,000,000	400,000
- Options exercised at 12 cents per share	-	-	1,500,000	180,000
Share issue costs	-	-	-	(4,731)
Balance at the end of the half-year	<u>92,347,443</u>	<u>12,573,010</u>	<u>88,597,443</u>	<u>12,198,010</u>

### Dividends

No dividends were declared or paid during the interim period.

	31 August 2013	28 February 2013
	\$	\$
<b>5 Investment</b>		
a) Investment in associate	<u>-</u>	<u>-</u>

### Reconciliation

Reconciliation of the values at the beginning and end of the current and previous financial year are set out below:

Opening balance	-	-
Additions	-	1,144,058
Impairment of assets	-	(1,144,058)
Closing balance	<u>-</u>	<u>-</u>

Subsequent to Conglin announcing its takeover of Orion on 22 June 2012 Conglin advised that it had formed the view that the acquisition of an interest in Ultimate Resources Pty Ltd (Ultimate) was not in the best interests of Orion's shareholders. The Directors do not intend to commit further funds to this investment and the investment in Ultimate was fully impaired. The Directors do not believe significant influence exists and the investment has not been accounted for as an associate.

# Orion Metals Limited

## Notes to interim financial report for the half-year ended 31 August 2013

### **6 Contingent liabilities**

The possibility of native title claim applications at some future time, under the provisions of the Native Title Act (1993), may affect access to and tenure of exploration tenements. Any substantial claim may have an effect on the value of the tenement affected by the claim. No provision has been made in the accounts for the possibility of a native title claim application.

The consolidated entity is liable to pay royalties of 1% of gross sales proceeds from the Killi Killi Hills project, capped at \$100,000.

Otherwise the Directors are not aware of any contingent liabilities or contingent assets that are likely to have a material effect on the results of the consolidated entity as disclosed in these financial statements.

### **7 Events subsequent to the end of the reporting period**

There have been no significant events subsequent to the end of the reporting period.

## Directors' Declaration

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 August 2013 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Orion Metals Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to be 'Conglin Yue', written in a cursive style.

Mr. Conglin Yue  
Chairman

Hong Kong, 13 November 2013

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Orion Metals Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Orion Metals Limited, which comprises the consolidated statement of financial position as at 31 August 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end 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 consolidated entity's financial position as at 31 August 2013 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 Orion Metals 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.

#### Independence

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 Orion Metals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### 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 Orion Metals 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 August 2013 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**BDO Audit Pty Ltd**

BDO



**A J Whyte**

Director

Brisbane, 13 November 2013