



ORION METALS LIMITED

ACN 096 142 737

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2015

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## ***CORPORATE DIRECTORY***

### **ORION METALS LIMITED**

ABN: 89 096 142 737

ASX Code: ORM

#### **Board of Directors**

Mr Conglin Yue – Executive Chairman & CEO

Ms Yanchun Wang – Director

Mr Bin Cai – Executive Director & CFO

Dr Michelle Li – Director (appointed 3/2/15)

Dr Tao Li – Director (resigned 2/1/15)

#### **Company Secretary**

Mr Bill Lyne

#### **Exploration Manager**

Mr Peter Brookes

#### **Registered & Administrative Office**

35 Hamish St

Calamvale QLD 4116

#### **Contact Details**

GPO Box 7115 Brisbane QLD 4001

Phone: 61 7 3272 1725

[www.orionmetals.com.au](http://www.orionmetals.com.au)

**Shares & Options Registrars**

Link Market Services Limited  
Level 15  
324 Queen Street  
Brisbane, Queensland  
Phone: +61 13 0055 4474  
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**Bankers**

Westpac Banking Corporation  
240 Queen Street  
Brisbane, Queensland

**Lawyers**

Ashurst Australia  
Level 38  
123 Eagle Street  
Brisbane, Queensland  
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**Auditors**

BDO Audit Pty Ltd  
Level 10  
12 Creek Street  
Brisbane, Queensland  
Phone: +61 7 3237 5999  
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**ORION METALS LIMITED**  
**ACN 096 142 737**

**DIRECTORS' REPORT**

Your Directors present their report on the consolidated entity consisting of Orion Metals Limited and its controlled entities at the end of, or during the year ended, 28 February 2015.

**1. THE DIRECTORS**

The following persons were directors of the Company during the financial year and up to date of this report:

**Mr Conglin Yue**

***Executive Chairman***

*Appointed 25 July 2012*

Qualifications

N/A

Experience

Mr Yue is involved with businesses having long-standing relationships with a number of major steel producing companies in China, having developed a successful coking coal and iron ore trading business in China over many years. These well-developed relationships should benefit Orion as it moves closer to the production of gold and rare earth materials on a commercial scale through improved marketing and distribution channels. Mr Yue is also the Chairman of Conglin Baoyuan International Investment Group, a Chief Executive Officer of Huachen and a Director of the Chinese University of Political Science and Law.

Special responsibilities

Chairman and Chief Executive Officer

Interest in Shares and  
Options

13,729,628 shares

91,852,948 shares held by Australia Conglin International Investment Group Pty Ltd

Directorships held in other  
listed entities

Executive Chairman of Northern Minerals Limited, appointed 31 July 2013 ~ continuing

**Ms Yanchun Wang**

***Non-Executive Director***

*Appointed 3 August 2012*

Qualifications

N/A

Experience

Ms Wang is the wife of Conglin Yue and acts as a strategic investor for a number of Chinese based companies. Ms Wang is a Vice Chairman of Conglin Baoyuan International Investment Group and also a Director of Huachen.

Special responsibilities

None

Interest in Shares and  
Options

91,852,948 shares held by Australia Conglin International Investment Group Pty Ltd

Directorships held in other  
listed entities

Non-Executive Director of Northern Minerals Limited, appointed 14 October 2013 ~ continuing

**ORION METALS LIMITED**  
**ACN 096 142 737**

**DIRECTORS' REPORT**

**1. THE DIRECTORS (Cont'd)**

<b>Mr Bin Cai</b>	<b>Executive Director</b> <i>Appointed 25 July 2012 (and previously Director 30 April 2012 ~ 31 May 2012)</i>
Qualifications	Master of Finance & IS
Experience	Mr Cai is the Managing Director of Conglin International Investment Group Pty Ltd based in Brisbane. He has a record of successful strategic investments in emerging Australian resources companies based on his long experience in resources investment. Prior to joining the Conglin Group Mr. Cai had eight years' experience with The China Investment Bank.
Special responsibilities	Chief Financial Officer
Interest in Shares and Options	6,250 shares held by Australia Cayenne Holdings Pty Ltd.
Directorships held in other listed entities	Director of Carpentaria Exploration Limited, appointed 15 May 2011 – continuing. Alternate Director of Northern Minerals Limited, appointed 29 August 2013 ~ continuing
<b>Dr Michelle Li</b>	<b>Non-Executive Director</b> Appointed 2 February 2015.
Qualifications	PhD, GAICD
Experience	Dr Li is a mineral processing engineer and metallurgist with over 20 years' experience in the Australian mining sector. Her experience includes senior roles at Citic Pacific, Rio Tinto and Iluka Resources, as well as a senior project role at the Grange Resources Southdown project.
Special responsibilities	<i>None</i>
Interest in Shares and Options	<i>None</i>
Directorships held in other listed entities	Chairman of Grange Resources Limited, appointed October 2013 ~ continuing Director of Sherwin Iron Limited, November 2012 ~ December 2013.
<b>Dr Tao Li</b>	<b>Non-Executive Director</b> Dr Li resigned on 31 December 2014.
<b>Company Secretary</b> <b>Bill Lyne</b>	Appointed 19 January 2010
Qualifications	BCom, CA, FGIA, FAICD, FFIN
Experience	Mr Lyne is the principal of Australian Company Secretary Service, providing company secretarial, compliance and governance services to public companies. He is secretary of a number of other listed companies and has a wealth of experience in corporate governance principles and practice.
Directorships held in other listed entities	Director of Jumbo Interactive Limited appointed 30 October 2009 ~ continuing

**ORION METALS LIMITED**  
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**DIRECTORS' REPORT**

**2. PRINCIPAL ACTIVITIES OF THE CONSOLIDATED ENTITY**

The principal activity of the consolidated entity is the exploration for Rare Earth Elements (REE), with a major focus on the Heavy Rare Earth Elements (HREE), and gold. There have been no significant changes in the nature of the principal activities during the year.

**3. OPERATING RESULTS**

The net result of operations of the consolidated entity for the year ended 28 February 2015 was a loss of \$1,645,771 (2014 – loss of \$675,689) which included:

- write off of exploration and evaluation assets totalling \$984,996 (2014: \$nil),
- personnel expenses of \$509,763 (2014: \$690,667), and
- other expenses of \$170,379 (2014: \$202,335).

Exploration expenditure during the year focussed on the Tanami West and Mt Surprise Projects and totalled \$870,858 (2014: \$550,256). The Broughton Creek farm-in agreement was terminated in August, resulting in a write off of \$681,687. A number of other tenements were relinquished or abandoned during the year resulting in a further write off of \$303,309.

The consolidated entity's strategy for future years is to continue the exploration, evaluation and development of its mineral projects, and to sell or joint venture non-core assets. The consolidated entity believes its future strategy is achievable.

**4. DIVIDENDS**

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend since 28 February 2015 and to the date of this report.

**5. REVIEW OF ACTIVITIES AND BUSINESS STRATEGIES**

As a consequence of a continued downward trend of the local and overseas minerals exploration industry, Orion Metals Limited has identified the need to rationalise costs and exploration activities, and conserve cash ahead of future funding.

During 2014/2015, all exploration Projects were reviewed broadly against tenement prospectivity and overall costs. High cost projects were critically reviewed, along with tenements located spatially and technically at the periphery of the Company's exploration objectives.

As a consequence of this exercise, Orion Metals Limited has been able to adequately continue with ground based exploration, reduce overhead tenement costs by strategic tenement relinquishment, and continue to refine and enhance the existing tenement portfolios by new applications for highly prospective ground.

Identification of tenure prospective for strategic metals, rare earth elements, and gold remains the focus for Orion Metals Limited.

On a Project level, activities have been summarised below, noting the addition of a new project in east Queensland, Mt Ramsay Project.

*Tanami West Project (formerly Killi Killi Hills)*

There has been no field work conducted across this Project due to on-going heritage negotiations with the Kimberley Land Council, representing the Tjurabalan People. Leases comprising the Tanami West Project remains the Companies most prospective REE tenure. In recognition of this fact, 4 new tenement applications have been made across territory considered highly prospective for REE.

As part of the Companies rationalisation plan, high cost tenement E80/4596 was relinquished.

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**DIRECTORS' REPORT**

**5. REVIEW OF ACTIVITIES AND BUSINESS STRATEGIES (Cont'd)**

*Mt Surprise Project (formerly Fulford Project)*

Helicopter supported reconnaissance stream, soil and rock chip sampling across the Project area yielded good first pass tin, tungsten, and rare earth results. The program identified several anomalous areas which warrants further work.

Overall, the area remains an outstanding exploration target for a granite hosted greisen, and vein/stockwork type tin-tungsten mineralisation and hydrothermal REE occurrences.

New tenement, EPM 18331 comprising of 126 square km, was granted in July 2014. While the exploration access agreement to EPM 17011 and EPM 17891 with J.W.Withers was terminated.

*Top Camp Project*

Efforts this year have been to ascertain the potential alluvial gold opportunity. A gravity survey was used to map out palaeo-channel geometries, and provide some indications of material volumes. Up to 2 km of palaeo-channel extent has been determined with channel depths achieving 15 metres. Orion Metals believes there is a significant business opportunity for bulk alluvial gold extraction.

*Mt Ramsay Project*

Single tenement EPM 25677, granted in August 2014 comprises Mt Ramsay Project. The tenement is located in the Rockhampton mining district of Queensland, and was identified as hosting an alkaline intrusive complex. Rocks of this nature are highly prospective for rare earth elements. Unfortunately, with budget restrictions, no field work was undertaken this year though remains a high priority exploration area

*Broughton Creek Project*

This Project was subject to a JV with Broughton Minerals P/L. Despite encouraging grass roots gold and base metal results, it was determined as being a high cost investment by the Board. Orion Metals withdrew from the JV in August 2014.

**6. OUTLOOK**

A tightly constrained 2015-16 exploration budget has been constructed to guide the Company through this anticipated period of tight monetary opportunity. This financial year, the exploration programme will focus on a potential development opportunity at Top Camp Project, while on-ground exploration activities across the broader Project areas will cease until future funding options are explored.

**7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

**8. EVENTS SUBSEQUENT TO BALANCE DATE**

No matters or circumstances have arisen since the end of the year which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

**ORION METALS LIMITED**  
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**DIRECTORS' REPORT**

**9. LIKELY DEVELOPMENTS**

Market demand for strategic metals, rare earth elements and gold remains firm despite other commodities downward trends. The Directors of Orion Metals will continue to seek further opportunities to expand its REE and gold prospects, and look towards any development options within its Projects portfolio's to generate cash.

Tenements prospective for REE will form the basis for tenement application and acquisition in Western Australia and Queensland will remain high on the agenda for ORM in 2015 as it strives for REE discovery.

Directors will continue investigating potential sources of funding to enable the consolidated entity to continue operations and carry out its exploration programmes over the next twelve months.

**10. COMPANY HEALTH & SAFETY POLICY**

Orion Metals Limited (ORM) places the health and safety of its people at work as the highest priority consideration above all others in the business environment. Orion's people are not only its staff and employees, but its various consultants and contractors.

Orion believes that a healthy workforce engaged in a safe and caring work environment, with a proactive safety culture will be a productive, and content workforce. We see this evolve towards improved business efficiency, and commercial success. We strive to create a culture where safety is a core value and where every individual takes responsibility for their own actions; and will act to prevent and stop unsafe occurrences or the actions of others.

In support of this policy, management accepts responsibility for the implementation of systems and processes to reduce safety risks in the workplace to as low as reasonably practicable. In order to achieve this goal, Orion has implemented an industry best practise HSE Management Plan. Complimentary to this is a process of continued up-skilling of its workforce through industry and in-house education and training.

Orion's ultimate goal is the elimination of all incidents or events in the workplace which produce injury, harm, or damage.

Orion Metals Limited encourages employee participation in all matters affecting the health and safety of our people and invite suggestions from our work force of ways in which health and safety can be improved.

**11. CULTURAL AND COMMUNITY PERFORMANCE**

The consolidated entity exercises the highest degree of liaison and relationships with respect to the traditional landowners, cattle graziers and landholders of any region where it is undertaking exploration activities and has infrastructure on their land. It is the Cultural and Community policy that pledges that its activities will not cause disturbance or encroachment or offence to any cultural site or belief or member of traditional landowner groups or to any landholder or business enterprise falling within the exploration tenements of the consolidated entity.

**ORION METALS LIMITED**  
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**DIRECTORS' REPORT**

## **12. ENVIRONMENTAL REGULATION AND PERFORMANCE**

The consolidated entity is subject to and complies with environmental regulation in relation to its mineral exploration activities in North Queensland and Western Australia. At the date of this report there have been no known breaches of any environmental obligations.

The following policy has been adopted as the official Environmental Policy of the consolidated entity for its activities in both Queensland and Western Australia:-

The consolidated entity is committed to being a leader in environmental excellence by;

- Minimizing the effect of its activities on the environment.
- Rehabilitation of disturbed areas using environmental best practices.
- Meeting and where necessary exceeding applicable laws, regulations and voluntary commitments.

In achieving these objectives the Company will:

- Comply with all applicable environmental laws, regulations and conditions, upholding the spirit of those laws and where the law does not adequately protect the environment, applying the most appropriate environmental standard to each area in which the Company operates.
- Ensure that it has in place management systems to identify, control, monitor and audit environmental risks arising from its operations, products and services.
- Liaise with governmental and other authorities at all levels to develop and maintain responsible and effective environmental policies, laws, regulations and standards.
- Communicate openly with government and the community on environmental issues.
- Ensure that all employees, contractors and suppliers are informed of this policy, aware of their environmental responsibilities and their role in assisting in the implementation of this policy.

## **13. SHARES UNDER OPTION**

There are no unissued ordinary shares of Orion Metals Limited under option at the date of this report.

### ***Shares issued on the exercise of options***

No Orion Metals Limited ordinary shares were issued during the year ended 28 February 2015 as a result of the exercise of options over unissued shares in the Company.

**ORION METALS LIMITED**  
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**DIRECTORS' REPORT**

## **14. DIRECTORS' MEETINGS**

The number of directors' meetings held during the financial year and the number of meetings attended by each director whilst a director is as follows:

<b>Director</b>	<b>Meetings of Directors Held *</b>	<b>Meetings of Directors Attended</b>
Conglin Yue	8	7
Ms Yanchun Wang	8	3
Bin Cai	8	8
Dr Tao Li (resigned 31 December 2014)	8	3
Dr Michelle Li (appointed 2 February 2015)	0	0

*\* at which eligible to attend*

Dr Tao Li and Dr Michelle Li represent Jien Mining Pty Ltd, which holds 23,065,000 shares in Orion Metals Limited.

## **15. REMUNERATION REPORT – AUDITED**

### **Remuneration Practices**

The consolidated entity's policy for determining the nature and amount of remuneration of key management personnel, including Board members is set out below.

The remuneration structure for key management personnel, excluding non-executive directors, is set by the Board of Directors and is based on a number of factors including, market remuneration for comparable companies, particular experience of the individual concerned and overall performance of the consolidated entity. The contracts for service between the consolidated entity and key management personnel are on a continuing basis the terms of which are not expected to change in the immediate future. The consolidated entity retains the right to terminate contracts immediately by making payment of an amount based on the employee's years of service. Upon retirement or termination key management personnel, excluding non-executives, are paid employee benefits accrued to date of retirement or termination. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as considered appropriate by the Board of Directors.

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The board ensures that director and executive rewards satisfy the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency.

The consolidated entity has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

**ORION METALS LIMITED**  
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**DIRECTORS' REPORT**

**15. REMUNERATION REPORT – AUDITED (Cont'd)**

The remuneration framework is aligned to shareholders' interests through:

- a focus on sustained growth in share price and key non-financial drivers of value
- attracting and retaining high calibre executives.

The remuneration framework is aligned to employees' interests through:

- rewarding capability and experience
- reflecting competitive rates of remuneration in respect of skills and responsibility
- providing a clear structure for earning rewards
- providing recognition for contribution.

*Relationship between remuneration and Company performance*

Because the Company is in exploration and not production, there is no direct relationship between the Company's financial performance and the level of remuneration paid to key management personnel.

Given that the remuneration is commercially reasonable, the link between remuneration, Company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration. The Company may issue options to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the Company's shareholders.

Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment.

Except in so far as directors and other key management personnel hold options over shares in the Company, there is no relationship between remuneration policy and the Company's performance. The Company's share price was 1.0 cent on 28 February 2015.

The table below sets out summary information about the Company's earnings and movements in shareholders' wealth for the five years to 28 February 2015:

**ORION METALS LIMITED**  
**ACN 096 142 737**

**DIRECTORS' REPORT**

**15. REMUNERATION REPORT – AUDITED (Cont'd)**

Description	28 February 2015	28 February 2014	28 February 2013	29 February 2012	28 February 2011
Revenue	-	-	\$31,926	\$8,719	\$2,502
Net profit/(loss) before tax	(\$1,645,771)	\$(675,689)	\$(1,469,921)	\$(1,502,405)	\$(1,423,847)
Net profit/(loss) after tax	(\$1,645,771)	\$(675,689)	\$(1,469,921)	\$(1,502,405)	\$(1,423,847)
Basic earnings/(loss) per share (cents)	(1.56)	(0.73)	(1.68)	(1.89)	(2.66)
Change in share price (cents) *	(1.8)	(4.7)	(1.0)	(12.5)	5.0

\* share prices adjusted for share consolidation in calculating change in share price

There were no dividends paid or returns of capital by the Company during the year or previous 4 years.

Remuneration of the non-executive directors is approved by the Board and set in aggregate within the maximum amount approved by the shareholders from time to time. The fees have been determined by the Board having regard to industry practice and the need to obtain appropriately qualified independent persons. The aggregate pool of remuneration paid to Non-executive Directors was approved by shareholders in 2011 and is currently \$300,000 per annum. The amount paid to non-executive directors in directors' fees and consulting fees while acting as non-executive directors is included in the table following.

The key management personnel of Orion Metals Limited and the consolidated entity includes the directors of the Parent Entity, Mr Conglin Yue (Chairman and Chief Executive Officer), Ms Yanchun Wang (Non-executive Director), Mr Bin Cai (Executive Director and Chief Financial Officer), Dr Tao Li (Non executive Director, resigned 31/12/14), Dr Michelle Li (Non executive Director, appointed 2/2/15), Company Secretary Mr Bill Lyne, and Exploration Manager Mr Peter Brookes.

**ORION METALS LIMITED**  
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**DIRECTORS' REPORT**

**15. REMUNERATION REPORT – AUDITED (Cont'd)**

**2015 Remuneration**

	Short-term employee benefits		Share Based Remuneration Equity Settled Options*	Post Employment Benefits Superannuation	Total	Performance Related %	% consisting of options
	Salary & fees	Bonus					
	\$	\$	\$	\$	\$	%	%
<b>Directors</b>							
Dr C Yue	48,000	-	-	-	48,000	-	-
Ms Y Wang	36,000	-	-	-	36,000	-	-
B Cai	86,000	-	-	4,709	90,709	-	-
Dr M Li (appointed 2/2/15)	30,000	-	-	-	30,000	-	-
Dr T Li (resigned 31/12/14)	3,000	-	-	-	3,000	-	-
<b>Other Key Management Personnel</b>							
B. Lyne (Company Secretary)	73,820	-	-	-	73,820	-	-
P Brookes (Exploration Manager)	201,081	-	-	18,938	220,019	-	-
<b>Total</b>	<b>477,901</b>	<b>-</b>	<b>-</b>	<b>23,647</b>	<b>501,548</b>	<b>-</b>	<b>-</b>

As at balance date there was \$114,000 owing to directors for directors' fees. There were no other transactions with or loans outstanding to key management personnel for the year.

**2014 Remuneration**

	Short-term employee benefits		Share Based Remuneration Equity Settled Options*	Post Employment Benefits Superannuation	Total	Performance Related %	% consisting of options
	Salary & fees	Bonus					
	\$	\$	\$	\$	\$	%	%
<b>Directors</b>							
Dr C Yue	48,000	-	-	-	48,000	-	-
Ms Y Wang	36,000	-	-	-	36,000	-	-
B Cai	86,000	-	-	4,584	90,584	-	-
Dr T Li	36,000	-	-	-	36,000	-	-
<b>Other Key Management Personnel</b>							
B. Lyne (Company Secretary)	40,714	-	-	-	40,714	-	-
P Brookes (Exploration Manager) (Appointed 21/10/13)	73,579	-	-	6,806	80,385	-	-
C Creagh (Chief Operating Officer) (Resigned 22/11/13) *	170,058	-	-	15,581	185,639	-	-
P Huang (General Manager) (Resigned 22/11/13)	45,932	-	-	4,199	50,131	-	-
<b>Total</b>	<b>536,283</b>	<b>-</b>	<b>-</b>	<b>31,170</b>	<b>567,453</b>	<b>-</b>	<b>-</b>

**ORION METALS LIMITED**  
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**DIRECTORS' REPORT**

**15. REMUNERATION REPORT – AUDITED (Cont'd)**

**Shareholdings of key management personnel**

	Balance 1 March	Received as Remuneration	Options exercised	Net change other	Balance 28 February
<b>2015</b>					
<b>Directors</b>					
C Yue	64,547,576	-	-	41,035,000	* 105,582,576
Y Wang	50,817,948	-	-	41,035,000	* 91,852,948
B Cai	6,250	-	-	-	6,250
Dr T Li (resigned 31/12/14)	-	-	-	-	-
Dr M Li (appointed 2/2/15)	-	-	-	-	-
<i>* Includes 91,852,948 held by Australia Conglin International Investment Group Pty Ltd</i>					

**Other Key Management Personnel**

P Brookes	-	-	-	-	-
B Lyne	-	-	-	-	-
	<b>64,553,826</b>	<b>-</b>	<b>-</b>	<b>41,035,000</b>	<b>105,588,826</b>

**Option holdings of key management personnel**

	Balance 1 March	Received as Remuneration	Options exercised	Net change other	Balance 28 February
<b>2015</b>					
<b>Directors</b>					
C Yue	-	-	-	-	-
Y Wang	-	-	-	-	-
B Cai	-	-	-	-	-
Dr T Li (resigned 31/12/14)	500,000	-	-	(500,000)	-
Dr M Li (appointed 2/2/15)	-	-	-	-	-
<b>Other Key Management Personnel</b>					
P Brookes	-	-	-	-	-
B Lyne	-	-	-	-	-

**ORION METALS LIMITED**  
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**DIRECTORS' REPORT**

**Service Agreements**

Remuneration and other terms of employment for key management personnel, other than the directors and the company secretary, are formalised in service agreements. Details of these agreements are as follows:

Name: Peter Brookes

Title: Exploration Manager

Agreement commenced: 21 October 2013

Term of agreement: Until the employment is terminated

Details: The Company has entered into an agreement with Peter Brookes to provide services on a full time basis on a Total Annual Remuneration package of \$220,000. The agreement may be terminated by either party on the giving of two months' notice. Mr Brookes must participate fully in performance reviews as required by the Company.

**Remuneration Options**

No Key Management Personnel options were granted as remuneration during the year. (2014: Nil) There were no cash bonuses or share based payment options granted during the year (2014: nil).

**END OF REMUNERATION REPORT**

**16. NON-AUDIT SERVICES**

No amounts were paid or payable to the auditor for non-audit services provided during the year by the auditor.

**ORION METALS LIMITED  
ACN 096 142 737**

**DIRECTORS' REPORT**

**17. INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITOR**

Each of the Directors and the Secretary of the Company have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and Secretary. The Company has insured all of the Directors of Orion Metals Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 (Cwlth) does not require disclosure of the information in these circumstances.

The Company has not indemnified or insured its auditor.

**18. PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any other such proceedings during the year.

**19. AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 28 February 2015 has been received and forms part of this directors' report and can be found on page 17.

This report is made in accordance with a resolution of the Directors.

Signed:



**BIN CAI  
Director**

23 April 2015

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

As lead auditor of Orion Metals Limited for the year ended 28 February 2015, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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



**A J Whyte**

Director

**BDO Audit Pty Ltd**

Brisbane, 23 April 2015

**ORION METALS LIMITED**  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

	Note	2015	2014
		\$	\$
Depreciation expense	12	(2,779)	(1,393)
Other expenses	6	(170,379)	(202,335)
Personnel expenses	6	(509,763)	(690,667)
Write off of exploration and evaluation assets	13	(984,996)	-
<b>Loss from operating activities</b>		<b>(1,667,917)</b>	<b>(894,395)</b>
Finance income	5	22,146	68,699
Finance costs		-	-
Net finance income		<u>22,146</u>	<u>68,699</u>
Profit/(loss) before income tax		<b>(1,645,771)</b>	<b>(825,696)</b>
Income tax benefit	7	-	150,007
Profit/(loss) after income tax		<u><b>(1,645,771)</b></u>	<u><b>(675,689)</b></u>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u><b>(1,645,771)</b></u>	<u><b>(675,689)</b></u>
Profit/(loss) attributable to: the owners of the company		<u><b>(1,645,771)</b></u>	<u><b>(675,689)</b></u>
Total comprehensive income attributable to: the owners of the company		<u><b>(1,645,771)</b></u>	<u><b>(675,689)</b></u>
Basic earnings/(loss) per share (cents per share)	17	(1.56)	(0.73)
Diluted earnings/(loss) per share (cents per share)	17	(1.56)	(0.73)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements

**ORION METALS LIMITED**  
**ACN 096 142 737**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 28 FEBRUARY 2015**

	Note	2015 \$	2014 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	858,708	1,207,445
Trade and other receivables	9	24,460	161,438
Other assets	10	7,964	8,254
<b>Total Current Assets</b>		<b>891,132</b>	<b>1,377,137</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	12	6,070	4,769
Exploration and evaluation assets	13	1,714,941	1,829,079
<b>Total Non-Current assets</b>		<b>1,721,011</b>	<b>1,833,848</b>
<b>TOTAL ASSETS</b>		<b>2,612,143</b>	<b>3,210,985</b>
<b>Current Liabilities</b>			
Trade and other payables	14	202,196	142,802
Employee benefits		28,794	26,532
<b>Total Current Liabilities</b>		<b>230,990</b>	<b>169,334</b>
<b>TOTAL LIABILITIES</b>		<b>230,990</b>	<b>169,334</b>
<b>Net Assets</b>		<b>2,381,153</b>	<b>3,041,651</b>
<b>Equity</b>			
Issued capital	15	13,568,283	12,583,010
Reserves	16	467,838	467,838
Accumulated losses		(11,654,968)	(10,009,197)
<b>Total equity</b>		<b>2,381,153</b>	<b>3,041,651</b>

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements

**ORION METALS LIMITED**  
**ACN 096 142 737**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

	Issued Capital \$	Options reserve \$	Accumulated losses \$	Totals \$
<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>
Profit /(Loss) after income tax	-	-	<b>(675,689)</b>	<b>(675,689)</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(675,689)</b>	<b>(675,689)</b>
<b>Transactions with owners, recorded directly with equity</b>				
Shares issued during the year	<b>10,000</b>	-	-	<b>10,000</b>
Share issue costs	-	-	-	-
<b>Balance at 28 February 2014</b>	<b>12,583,010</b>	<b>467,838</b>	<b>(10,009,197)</b>	<b>3,041,651</b>
<b>Balance at 1 March 2014</b>	<b>12,583,010</b>	<b>467,838</b>	<b>(10,009,197)</b>	<b>3,041,651</b>
Profit /(Loss) after income tax	-	-	<b>(1,645,771)</b>	<b>(1,645,771)</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(1,645,771)</b>	<b>(1,645,771)</b>
<b>Transactions with owners, recorded directly with equity</b>				
Shares issued during the year	1,037,500	-	-	1,037,500
Share issue costs	(52,227)	-	-	(52,227)
<b>Balance at 28 February 2015</b>	<b>13,568,283</b>	<b>467,838</b>	<b>(11,654,968)</b>	<b>2,381,153</b>

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements

**ORION METALS LIMITED**  
**ACN 096 142 737**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

	Note	2015 \$	2014 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and GST		71,139	90,674
R & D tax refund		150,007	212,214
Payments to suppliers and employees		(676,418)	(971,668)
Interest received		27,257	73,254
<b>Net Cash Provided By/ (Used In) Operating Activities</b>	22	<u>(428,015)</u>	<u>(595,526)</u>
<b>Cash Flows From Investing Activities</b>			
Payment for property, plant and equipment		(4,080)	(1,177)
Payment for exploration and evaluation assets		(901,915)	(494,794)
<b>Net Cash Provided By/ (Used In) Investing Activities</b>		<u>(905,995)</u>	<u>(495,971)</u>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issues of equity securities		1,037,500	-
Payments for share issue costs		(52,227)	-
<b>Net Cash Provided By/ (Used In) Financing Activities</b>		<u>985,273</u>	<u>-</u>
<b>Net Increase/(Decrease) In Cash and Cash Equivalents</b>		(348,737)	(1,091,497)
<b>Cash and Cash Equivalents opening balance</b>		<u>1,207,445</u>	<u>2,298,942</u>
<b>Cash and Cash Equivalents closing balance</b>	8	<u>858,708</u>	<u>1,207,445</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements

**ORION METALS LIMITED**  
**ACN 096 142 737**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**1 REPORTING ENTITY**

The financial statements of Orion Metals Limited for the year ended 28 February 2015 were authorised for issue in accordance with a resolution of the directors on 23 April 2015 and covers the Consolidated Entity consisting of Orion Metals Limited and its subsidiaries as required by the Corporations Act 2001. Orion Metals Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars.

The address of the registered office and principal place of business is 35 Hamish St, Calamvale, Qld 4116.

**2 BASIS OF PREPARATION**

**A. Statement of compliance**

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and other authoritative pronouncements by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements of the Consolidated Entity comply with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

**B. Basis of measurement**

The financial statements have been prepared on the historical cost basis, modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**C. Use of estimates and judgements**

The preparation of financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined below:

*Impairment*

The Consolidated Entity assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may lead to impairment of other assets and financial assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations are performed or market based information is obtained in assessing recoverable amounts that incorporate a number of key estimates.

**ORION METALS LIMITED**  
**ACN 096 142 737**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**2 BASIS OF PREPARATION (Cont'd)**

*Exploration & evaluation expenditure*

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

**D. 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 Group has incurred a net loss after tax for the year ended 28 February 2015 of \$1,645,771 and a net cash outflow from operations of \$428,015. At 28 February 2015, the Group's current assets exceeded its current liabilities by \$660,142.

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 its ability to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development. It has received from its largest shareholder and Executive Chairman and CEO Mr Conglin Yue written assurance of financial support for the next twelve months to enable it to continue as a going concern.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied by all entities in the Consolidated Entity.

**A. Basis of consolidation**

The consolidated financial statements comprise the financial statements of Orion Metals Limited and its subsidiaries for the year ended 28 February 2015 ("the group"). Subsidiaries are entities (including structured entities) over which the group has control. The group has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

**B. Income tax**

The charge for current income tax expense is based on the profit/loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

**ORION METALS LIMITED**  
**ACN 096 142 737**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in the profit or loss, except where it relates to items recognised in the other comprehensive income or directly in equity. In this case the tax is recognised in the other comprehensive income or directly in equity respectively.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or tax losses can be utilised.

**C. Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

All assets are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15-33% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

**D. Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**ORION METALS LIMITED**  
**ACN 096 142 737**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**E. Available for sale financial assets**

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

**F. Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**G. Impairment of Financial Assets**

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of loans and receivables, the Consolidated entity first assesses whether objective evidence of impairment exists for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Consolidated entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Consolidated entity of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. In the case of available for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Losses are recognised in the profit or loss.

**H. Impairment of Non-Financial Assets**

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**I. Equity Settled Share Based Compensation**

The Consolidated Entity issues equity-settled share-based payments to directors and employees. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a valuation which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instrument that eventually vest.

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**J. Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**K. Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is recognised using the effective interest rates applicable to the financial assets. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

All revenue is stated net of the amount of goods and services tax (GST).

**L. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**M. Issued Capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from equity.

**N. Earnings per share**

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

**O. Leases**

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the consolidated entity are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the profit or loss on a straight line basis over the period of the lease.

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**P. New, revised or amending Accounting Standards and Interpretations adopted**

New standards and amendments to standards are mandatory for the first time for the financial year beginning 1 March 2014. The adoption of the new or amended standards did not have any material impact on the current year or any prior year and is not likely to affect future periods.

No new or revised Australian Accounting Standards that have been issued but not yet effective have been applied in the preparation of these financial statements. Such standards are not expected to have a material impact on the Group's financial report on initial application.

**4 SEGMENT REPORTING**

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 operating segment, being exploration. There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Consolidated Entity as one segment. The financial results from the segment are equivalent to the financial statements of the Consolidated Entity as a whole.

	<b>Consolidated Entity 2015</b>	<b>Consolidated Entity 2014</b>
	\$	\$
<b>5 REVENUE AND OTHER INCOME</b>		
Total finance income	<b>22,146</b>	<b>68,699</b>
	<hr/> <b>22,146</b>	<hr/> <b>68,699</b>

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>Consolidated Entity</b>	<b>Consolidated Entity</b>
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>6 EXPENSES</b>		
Profit/(loss) before income tax expense has been determined after:		
Rental and office expenses		-
Audit and accountancy fees	53,735	83,639
Legal fees	16,302	17,829
Share registry expenses and listing fees	36,661	33,685
Insurance	30,117	28,908
Travel and accommodation	9,518	18,879
Other miscellaneous costs	24,046	19,395
Administrative expenses	170,379	202,335
 <i>Employee expenses:</i>		
Salaries and on-costs	262,542	472,398
Directors fees and consultancy fees	247,221	218,269
	509,763	690,667
 <b>7 INCOME TAX</b>		
Components of tax expense/(benefit) comprise:		
Current tax	-	(150,007)
Deferred tax	-	-
Income Tax Expense/(Benefit)	-	(150,007)
 <i>Numerical reconciliation of income tax benefit to prima facie tax payable</i>		
Loss from operations for the year	1,645,771	825,696
The prima facie income tax benefit on loss before income tax at a tax rate of 30% (2014: 30%)	493,731	247,708
 Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not recognised on current year loss	(493,731)	(247,708)
R & D tax offset	-	150,007
Total income tax benefit	-	150,007

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>Consolidated Entity 2015 \$</b>	<b>Consolidated Entity 2014 \$</b>
<b>7 INCOME TAX (Cont'd)</b>		
<i>Net unrecognised deferred tax assets</i>		
Net Deductible temporary differences	29,372	308,786
Exploration and evaluation expenditure	(514,482)	(548,724)
Unused tax losses	4,882,543	4,403,893
Net unrecognised deferred tax asset	4,397,433	4,163,955
 <i>Gross amounts of items in net unrecognised deferred tax assets</i>		
Net Deductible temporary differences	97,906	1,029,287
Exploration and evaluation expenditure	(1,714,941)	(1,829,079)
Unused tax losses	16,275,145	14,679,643
<b>Total unrecognised deferred tax assets</b>	<b>14,658,110</b>	<b>13,879,851</b>
<p>The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.</p> <p>The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.</p> <p>The consolidated entity has no franking credits.</p>		
 <b>8 CASH AND CASH EQUIVALENTS AND OTHER FINANCIAL ASSETS</b>		
Cash at bank	858,708	1,207,445
 <b>9 TRADE &amp; OTHER RECEIVABLES</b>		
R & D tax concession	-	150,007
Other debtors	24,460	11,431
	24,460	161,438
<p>No receivables are past due or impaired (2014: nil) no collateral is held (2014:nil)</p>		
 <b>10 OTHER ASSETS</b>		
<b>Current</b>		
Deposits	2,578	2,578
Prepayments	5,386	5,676
	7,964	8,254

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>Consolidated Entity</b>	<b>Consolidated Entity</b>
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>11 AVAILABLE FOR SALE FINANCIAL ASSETS</b>		
Investments	1,144,058	1,144,058
Accumulated impairment	(1,144,058)	(1,144,058)
	-	-
	-	-

The entity has ceased operations and this investment has been written off.

**12 PLANT & EQUIPMENT**

Plant & equipment at cost	31,837	27,757
Accumulated depreciation and impairment	(25,767)	(22,988)
	6,070	4,769
	6,070	4,769

**Reconciliation**

Reconciliations of the carrying amount of each class of plant and equipment between the beginning and the end of the financial year

Balance at the beginning of the year	4,769	4,985
Additions	4,080	1,177
Depreciation	(2,779)	(1,393)
Balance at the end of the year	6,070	4,769
	6,070	4,769

**13 EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation expenditure carried forward in respect of areas of interest

**INTANGIBLE ASSETS**

**Reconciliation**

Balance at the beginning of the year	1,829,079	1,278,823
Additions	870,858	550,256
Write off	(984,996)	-
Balance at the end of the year	1,714,941	1,829,079
	1,714,941	1,829,079

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent upon the successful development and exploitation or sale of the respective areas of interest.

During the year the Consolidated Entity withdrew from the Broughton Creek Project, resulting in a write off of \$681,687 in relation to this project. The Consolidated Entity also withdrew from a number of other tenements, resulting in further write off of \$303,309.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

	<b>Consolidated Entity 2015 \$</b>	<b>Consolidated Entity 2014 \$</b>
<b>14 TRADE AND OTHER PAYABLES</b>		
Trade payables and accruals	202,196	142,802
	202,196	142,802

**15 ISSUED CAPITAL**

145,097,443 (2014: 92,347,443) fully paid ordinary shares	13,784,719	12,747,219
Transaction costs relating to share issues (net of tax)	(216,436)	(164,209)
	13,568,283	12,583,010

	<b>Consolidated entity 2015</b>		<b>Consolidated entity 2014</b>	
	#	\$	#	\$
<b>Ordinary shares</b>				
Balance at the beginning of the year	92,597,443	12,583,010	92,347,443	12,573,010
Share issues	52,500,000	1,037,500	250,000	10,000
Share issue costs	-	(52,227)	-	-
Balance at the end of the year	145,097,443	13,568,283	92,597,443	12,583,010

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

*Share buy-back*

There is no current on-market share buy-back.

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**15 ISSUED CAPITAL (Cont'd)**

*Capital risk management*

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In common with many other exploration companies, the parent raises finance for the consolidated entity's exploration and appraisal activities in discrete tranches. The consolidated entity's overall strategy remains unchanged from 2014.

The consolidated entity is not subject to externally imposed capital requirements.

**Details of the options outstanding as at the end of the year:**

Grant Date	Expiry Date	Exercise price	Consolidated entity and Parent Entity 2015	Consolidated entity and Parent Entity 2014
1 July 2011	1 July 2014	20 cents	-	500,000
			-	500,000

**16 RESERVES**

	Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
<b>Options reserve</b>		
Opening balance	467,838	467,838
Options issued	-	-
Closing balance	<u>467,838</u>	<u>467,838</u>

The option reserve account is to account for share based payments

**17 EARNINGS PER SHARE**

	2015 (Number)	2014 (Number)
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	105,809,772	92,415,936
	2015 \$	2014 \$
Net loss after tax used in calculating basic earnings per share	<u>1,645,771</u>	<u>675,689</u>
Net loss after tax used in calculating diluted earnings per share	1,645,771	675,689

Options are considered to be "potential ordinary shares" but were anti-dilutive in nature and therefore the diluted loss per share is the same as the basic loss per share.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**18 CONTROLLED ENTITIES**

**Investments in controlled entities**

	Country of incorporation	% ownership 2015	% ownership 2014	Class of shares
Rich Resources Investments Pty Ltd	Australia	100%	100%	Ord
Broughton Orion Pty Ltd	Australia	100%	100%	Ord

**19 COMMITMENTS FOR EXPENDITURE**

**Commitments for maintaining exploration tenements payable**

	Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
- Not longer than 1 year	-	215,576
- Longer than 1 year but not longer than 5 years	779,081	228,769
- Longer than 5 years	-	-
	<b>779,081</b>	<b>444,345</b>

**Tenement rentals**

	Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
- Not longer than 1 year	88,202	46,828
- Longer than 1 year but not longer than 5 years	158,817	80,323
- Longer than 5 years	-	-
	<b>247,019</b>	<b>127,151</b>

**Broughton farm-in expenditure**

	Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
- Not longer than 1 year	-	392,113
- Longer than 1 year but not longer than 5 years	-	1,250,000
- Longer than 5 years	-	-
	<b>-</b>	<b>1,642,113</b>

In September 2011 the Company entered into a Farm-In and Joint Venture Agreement (JVA) with Broughton Minerals Pty Ltd (BO). Under the terms of the Agreement, Broughton Minerals Pty Ltd is the registered holder and beneficial owner of tenements in the Broughton Creek prospect (the Project) and the Company has the right to acquire up to a 90% interest the Project in exchange for:

- A payment to BO of \$150,000
- The issue of shares to BO, and
- An agreed expenditure commitment in three stages to 31 August 2021 of up to \$6million.

This agreement was terminated in August 2014.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20 CONTINGENT LIABILITIES AND ASSETS**

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 Tanami West Project, capped at \$100,000. As this project is still in the early stages of exploration it is premature to determine whether a royalty will be payable in future years.

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.

<b>Consolidated entity 2015 \$</b>	<b>Consolidated entity 2014 \$</b>
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**21 RELATED PARTIES**

**Key management personnel compensation**

Short term employee benefits	477,901	536,283
Post-employment benefits	23,647	31,170
	<b>501,148</b>	<b>567,453</b>

**22 CASH FLOW INFORMATION**

<b>Consolidated Entity 2015 \$</b>	<b>Consolidated Entity 2014 \$</b>
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*Reconciliation of cash flow from operations with profit / (loss) after tax*

Profit / (loss) after tax	(1,645,771)	(675,689)
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**Non-cash flows:**

Depreciation	2,779	1,393
Write off of exploration and evaluation expenditure	984,996	-
	<b>(657,996)</b>	<b>(674,296)</b>

**Changes in operating assets and liabilities**

Decrease in receivables	131,567	65,122
Decrease/(increase) in other assets	5,401	(2,482)
Increase in creditors and payables	90,751	1,709
Increase in employee entitlements	2,262	14,421
	<b>(428,015)</b>	<b>(595,526)</b>

**Net cash used in operating activities**

	<b>(428,015)</b>	<b>(595,526)</b>
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

## **23 FINANCIAL INSTRUMENTS**

### **Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability, and equity instrument are disclosed in Note 3 to the financial statements.

### **Financial risk management objectives**

The financial risks of the consolidated entity include market risk (including currency risk and price risk), credit risk and liquidity risk. The consolidated entity does not hedge these risk exposures. The Consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### **Market risk**

Market risk is the risk that changes in market prices such as interest rates and equity prices will affect the Consolidated entity's income and value of its holdings.

The Consolidated Entity's activities expose it primarily to the financial risks of changes in interest rates on its cash and cash equivalents. It is the policy of the Consolidated Entity to manage their risks by continuously monitoring interest rates. There has been no change to the Consolidated Entity's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

#### *(i) Interest risk management*

Interest rate risks are caused by fluctuations in interest rates which, in turn, are due to market factors.

#### *Interest rate sensitivity*

The Consolidated Entity's main interest rate risk arises from cash and cash equivalents. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the consolidated entity's profit/loss before taxes through the impact on cash and cash equivalents and held to maturity investments with a decrease or an increase of 0.25% in interest rates.

	<b>Consolidated Entity 2015</b>	<b>Consolidated Entity 2014</b>
	\$	\$
<b>Sensitivity</b>		
Cash and cash equivalents and other financial assets	<b>858,708</b>	<b>1,207,445</b>
Effect on profit or loss before taxes		
Increase 0.25%	<b>2,147</b>	<b>3,018</b>
Decrease 0.25%	<b>(2,147)</b>	<b>(3,018)</b>

#### *(ii) Price risk management*

The Consolidated Entity did not hold any listed equity securities at balance date.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**23 FINANCIAL INSTRUMENTS (Cont'd)**

**Liquidity risk management**

Liquidity risks are caused by the inability to raise the money needed to meet payment of liabilities as and when they fall due. The Consolidated Entity manages liquidity risk by maintaining of reserves and by continually monitoring forecast and actual cash flows and cash balances. The parent entity raises equity for the Consolidated Entity's exploration and appraisal activities in discrete tranches.

At 28 February 2015 and 28 February 2014 the only financial liabilities of the Consolidated Entity were trade payables and accruals. All trade payables and accruals have a contractual maturity of 6 months or less.

**Credit risk management**

In relation to financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under a contract or arrangements. Credit risk for the Consolidated Entity arises from cash and cash equivalents and outstanding receivables. The Consolidated Entity is not exposed to any material credit risks and only trade with credit worthy third parties, outside of cash & cash equivalents which are all held with Australian regulated banks. The maximum exposure to credit risk is the carrying amount of the financial assets recognised in the statement of financial position.

**Fair values**

The carrying amounts of all financial assets and liabilities primarily comprising cash and cash equivalents, trade and other receivables, and trade and other payables are stated at their fair value.

**24 AUDITORS REMUNERATION**

Amounts paid/payable for audit or review of the financial statements

	<b>Consolidated Entity 2015 \$</b>	<b>Consolidated Entity 2014 \$</b>
	<b>37,510</b>	<b>37,639</b>
	<b>37,510</b>	<b>37,639</b>
Amounts paid/payable for tax services	-	<b>1,000</b>
	<b>-</b>	<b>1,000</b>

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**25 SHARE-BASED PAYMENTS**

No options were issued during the years ended 28 February 2013 and 2014.

On 1 July 2011, 500,000 options were granted to a director. These options vested immediately, were exercisable at 20 cents and expired on 1 July 2014.

**Consolidated Entity**

	2015		2014	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at beginning of year	500,000	20.0 cents	500,000	20.0 cents
Granted	-	-	-	-
Forfeited	(500,000)	20.0 cents	-	-
Exercised	-	-	-	-
Outstanding at year-end	-	-	500,000	20.0 cents
Exercisable at year-end	-	-	500,000	20.0 cents

**26 SUBSEQUENT EVENTS**

There have been no other matters or circumstances have arisen since the end of the year which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated group in future financial years.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2015**

**27 PARENT ENTITY DISCLOSURES**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Result of parent entity</b>		
Profit/loss for the year	(1,078,687)	(1,123,009)
Other comprehensive income/(loss) for the year	-	-
<b>Total comprehensive income</b>	<b>(1,078,687)</b>	<b>(1,123,009)</b>
 <b>Financial position of parent entity at year end</b>		
Current Assets	878,152	1,349,399
Total assets	1,417,798	1,438,345
 Current Liabilities	 214,968	 142,101
Total liabilities	214,968	142,101
 <b>Total equity of the parent entity comprising :</b>		
Issued capital	13,568,283	12,583,010
Reserves	467,838	467,838
Accumulated losses	(12,833,291)	(11,754,604)
<b>Total equity</b>	<b>1,202,830</b>	<b>1,296,244</b>

The Company's contingencies and commitments comprise tenement rentals and commitments for maintaining exploration tenements. The total commitments as at 28 February 2015 are \$283,781 (2014: \$84,235)

The Company has not entered into any guarantees.

**28 COMPANY DETAILS**

The Company's registered office and principal place of business is located at:

35 Hamish Street, Calamvale, Qld 4116

Company Secretary : Bill Lyne

**ORION METALS LIMITED**

**ACN 096 142 737**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, including :-
  - (a) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the financial position as at 28 February 2015 and performance for the year ended on that date of the consolidated entity,
2. The financial statements also comply with International Financial Reporting Standards as disclosed in note 2.
3. The Remuneration Report as set out in the Directors' Report complies with Section 300A of The Corporations Act 2001.
4. The Chief Executive Officer and Chief Financial Officer have declared that:
  - (a) the financial records of the company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Australian Accounting Standards (including Australian Accounting Interpretations); and
  - (c) the financial statements and notes for the financial year give a true and fair view.
5. 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.

This declaration is made in accordance with a resolution of the Board of Directors.



**BIN CAI**  
Director

Dated this 23rd day of April 2015

## INDEPENDENT AUDITOR'S REPORT

To the Members of Orion Metals Limited

### Report on the Financial Report

We have audited the accompanying financial report of Orion Metals Limited, which comprises the consolidated statement of financial position as at 28 February 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary 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 year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2 the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independence

In conducting our audit, 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 report.

## Opinion

In our opinion:

(a) the financial report of Orion Metals Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 28 February 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 28 February 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Orion Metals Limited for the year ended 28 February 2015 complies with section 300A of the Corporations Act 2001.

**BDO Audit Pty Ltd**



**A J Whyte**  
Director

Brisbane, 23 April 2015