



**ORION METALS LIMITED**

ACN 096 142 737

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2018

**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 2018.

**1. THE DIRECTORS**

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

<b><i>Dr Yi Yang</i></b>	<b><i>Non-Executive Chairman</i></b>
Qualifications	PhD in Philosophy
Experience	Dr Yi Yang was previously a government officer in the Central China Government and is now a director of numerous enterprises in China. He has many years' experience as a fund manager who managed up to RMB1 billion and AUD200 million. Dr Yang was the founder and Executive Chairman of Beijing Wayield Investment Co. Ltd in 2004 that has financially backed Excellence Holdings HK Limited in which he has a 50% interest and is a director. Wayield Investment is a registered financial institution by the Asset Management Association of China.
Special responsibilities	Chairman
Interest in Shares and Options	260,000,000 shares & 140,000,000 options held by Excellence Holdings HK Limited
Directorships held in other listed entities	None
<b><i>Dr Feng Wu</i></b>	<b><i>Executive Director (Compliance)</i></b>
Qualifications	PhD in Law
Experience	Dr Feng Wu was previously a Prosecutor of the Supreme People's Procuratorate of China. He founded a successful law practice in China in 2000 and provides services for state owned enterprises and large businesses. He is a director of several other companies in China and is also Executive Chairman of Beijing Electronics Technology Ruida Co., which is a subsidiary of China Electronics Corporation, the largest Chinese state owned IT enterprise and a global top 500 IT company. Dr Wu also has a 50% interest in Excellence Holdings and is a director.
Special responsibilities	Compliance
Interest in Shares and Options	260,000,000 shares & 140,000,000 options held by Excellence Holdings HK Limited
Directorships held in other listed entities	None

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**DIRECTORS' REPORT**

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

**Mr Bo Wang**

**Non-Executive Director**

Qualifications

B.Com. (Accounting) University of Canberra  
M. Management University of NSW

Experience

Mr Bo Wang has held several positions in Australian and Chinese companies and is currently Executive Chairman of Boran (Tianjin) Financial Leasing Pty Ltd. He is studying for a Doctor of Psychology at Peking University

Special responsibilities

None

Interest in Shares and Options

None

Directorships held in other listed entities

None

**Mr Bin Cai**

**Executive Director**

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

**Company Secretary**

Appointed 19 January 2010

**Bill Lyne**

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

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

The principal activity of the consolidated entity is the exploration for Rare Earth Elements (REE), including 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 2018 was a loss of \$700,078 (2017 – loss of \$632,001) which included:

- exploration and evaluation expense \$224,223 (2017: \$125,723),
- personnel expenses of \$335,662 (2017: \$367,235), and
- other expenses of \$141,471 (2017: \$144,588).

Exploration expenditure during the year focussed on the Tanami West, Mt Surprise and Top Camp Projects and totalled \$224,223 (2017: \$125,723). All Exploration expenditure incurred during the year was expensed, due to a change in accounting policy.

In February 2018 the consolidated entity entered into a Farm-in agreement with respect to the Tanami West tenements – refer *Review of Activities and Business Strategies* on page 4. This Farm-in agreement had no impact to the consolidated entity's financial results for the year.

The consolidated entity's strategy for future years remains under review. Directors are assessing the entity's portfolio of assets and determining whether to continue the exploration, evaluation and development of each mineral project, and/or to sell or relinquish non-core assets.

**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 2018 and to the date of this report.

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

During 2017/18 the consolidated entity continued to conserve funds through further reductions in costs and exploration activities.

In August 2017 the Orion Metals Limited raised \$200,000 from the exercise of 40,000,000 options at an exercise price of 0.5 cents each. A further 20,000,000 options have been exercised since balance date at 0.5 cents each, raising \$100,000.

In February 2018 Orion entered into a Farm-in agreement with private company PVW Resources NL (PVW), under which Orion and PVW have established an unincorporated joint venture to carry out exploration activities within the Tanami West tenements. These tenements are considered to have gold and rare earth element (REE) exploration potential. PVW may acquire up to a 90% interest in the joint venture property (including the tenements, mining information and plant and equipment) in return for providing funding and carrying out exploration activity.

The Farm-In agreement includes an earn-in period of up to three stages. Under each stage PVW can earn a Participating Interest in the tenements in exchange for sole funding of their exploration activities via a joint venture arrangement with Orion, plus specified payments to Orion. These details are as follows

	Participating Interest earned	Funding of JV costs	Payments to Orion
Stage 1	35%	\$180,000	\$40,000
Stage 2	35%	\$320,000	\$80,000
Stage 3	20%	\$500,000	\$130,000
<b>TOTALS</b>	<b>90%</b>	<b>\$1,000,000</b>	<b>\$250,000</b>

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

PVW had not earned any Participating Interest as at 28 February 2018.

As at the date of this report, Directors are continuing to assess the entity's portfolio of other exploration assets.

On a Project level, activities have been summarised below.

*Tanami West Project*

Despite an overall lack of on-ground exploration this last twelve months, the Tanami West Project still remains a highly prospective under-explored package of REE and Gold tenure. As a precursor to drilling operations scheduled for later 2018, a heritage due diligence survey was completed across all tenure.

In an effort to realise the potential of this Project area, ORM has entered into a Farm-in agreement with Tanami explorer PVW. This is a good outcome for ORM, with PVW not only bringing funding and corporate expertise, but valuable local technical expertise as well.

Orion Metals looks forward to working with PVW on this prospective group of tenements.

*Mt Surprise Project*

This tenement package remains highly prospective for tin, tungsten and rare earth elements. There is an expectation that with available funds generated through the Tanami West Farm-In agreement signed recently, work may re-start on this stalled Project.

This Project is located adjacent to the historic Burlington tin tungsten workings.

*Top Camp Project*

This remains the Company's most prospective Project with both the untested historic alluvial gold fields, and high quality primary IOCG targets, positioned on mining leases.

Funding issues have severely constrained ORM's capacity to develop this Project, both in exploration and mining. Despite the funding challenges, further advancements continue to be made towards getting all statutory approvals in place should the Board re-consider development of the Top Camp alluvial gold bulk sampling project.

*Mt Ramsay Project*

Mt Ramsay remains a high priority exploration area for REE, specialty metals, copper and gold. As per EPM grant conditions, 10 sub-blocks were relinquished at the end of Year 3, 10 September 2017.

**6. OUTLOOK**

Excellence Holdings HK Limited has undertaken to provide continued financial support to Orion Metals for their ongoing operations over the next twelve months. A 2018-2019 exploration and expenses budget has been constructed to guide the Company through this financial year.

In February 2018 Orion entered into a Farm-in agreement with private company PVW Resources NL (PVW), under which Orion and PVW have established an unincorporated joint venture to carry out exploration activities within the Tanami West tenements plus stage payments from PVM to Orion.

Directors continue to seek other farm in opportunities with other potential partners with appropriate synergies to grow the value of company.

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**DIRECTORS' REPORT**

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

Other than stated elsewhere in this report, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

**8. EVENTS SUBSEQUENT TO BALANCE DATE**

On 29 March 2018, the consolidated entity issued 20,000,000 shares to Excellence Holdings HK Limited upon the exercise of 20,000,000 options at \$0.005 each.

Other than stated above, there have been no matters or circumstances that 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.

**9. LIKELY DEVELOPMENTS**

Directors will continue investigating potential sources of funding or any more joint venture opportunities across all projects 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 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. Complementary 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 encourages employee participation in all matters affecting the health and safety of our people and invites suggestions from our work force of ways in which health and safety can be improved.

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## **11. 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.

## **12. SHARES UNDER OPTION**

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

No options were issued during the year ended 28 February 2018 (2017: 200,000,000).

40,000,000 Orion Metals Limited ordinary shares were issued during the year at 0.5 cents per share as a result of the exercise of options over unissued shares in the Company.

	<b>Exercise price</b>	<b>No. of options</b>
Outstanding at the beginning of the year	0.5 cents	200,000,000
Exercised	0.5 cents	<u>(40,000,000)</u>
Outstanding at the end of the year	0.5 cents	<u><u>160,000,000</u></u>

Since balance date an additional 20,000,000 shares were issued at 0.5 cents each following exercise of further options.

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**13. 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:

Director	Meetings of Directors Held *	Meetings of Directors Attended
Dr Yi Yang	8	8
Dr Feng Wu	8	8
Mr Bo Wang	8	6
Mr Bin Cai	8	8

*\* at which eligible to attend*

**14. 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-executive directors, 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 cash but a mix of non-cash benefits may be 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.

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**DIRECTORS' REPORT**

**14. 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 5 cents on 28 February 2018.

The table below sets out summary information about the Company's earnings and movements in shareholders' wealth for the five years to 28 February 2018:

Description	28 February 2018	28 February 2017	29 February 2016	28 February 2015	28 February 2014
Revenue	-	\$2,500	-	-	-
Net profit/(loss) before tax	(\$700,078)	(\$632,001)	(\$789,572)	(\$1,531,633)	\$(1,225,945)
Net profit(loss) after tax	(\$700,078)	(\$632,001)	(\$789,572)	(\$1,531,633)	\$(1,225,945)
Basic earnings/(loss) per share (cents)	(0.19)	(0.19)	(0.54)	(1.45)	(1.32)
Change in share price (cents) *	0.025	(0.035)	(0.54)	(1.8)	(4.7)

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

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

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, Company Secretary Mr Bill Lyne, and Exploration Manager Mr Peter Brookes.

**2018 Remuneration**

	Short-term employee benefits		Share Based Remuneration	Post Employment Benefits	Total	Performance Related %	% consisting of options
	Salary & fees	Bonus	Equity Settled Options*	Superannuation			
	\$	\$	\$	\$	\$	%	%
Dr Yi Yang	48,000	-	-	-	48,000	-	-
Dr Feng Wu	40,000	-	-	-	40,000	-	-
Mr Bo Wang	36,000	-	-	-	36,000	-	-
Mr Bin Cai	86,000	-	-	4,750	90,750	-	-
<b>Other Key Management Personnel</b>							
B. Lyne (Company Secretary)	33,246	-	-	-	33,246	-	-
P Brookes (Exploration Manager)	38,400	-	-	-	38,400	-	-
<b>Total</b>	<b>281,646</b>			<b>4,750</b>	<b>286,396</b>		

**ORION METALS LIMITED**  
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**14. REMUNERATION REPORT – AUDITED (Cont'd)**

**2017 Remuneration**

	Short-term employee benefits		Share Based Remuneration	Post Employment Benefits	Total	Perform ance Related %	% consisting of options
	Salary & fees	Bonus	Equity Settled Options*	Superannuation			
	\$	\$	\$	\$	\$	%	%
<b>Directors</b>							
Dr Yi Yang (appointed 22/7/16)	29,392	-	-	-	29,392	-	-
Dr Feng Wu (appointed 22/7/16)	24,493	-	-	-	24,493	-	-
Mr Bo Wang (appointed 22/7/16)	22,044	-	-	-	22,044	-	-
Mr Bin Cai	86,000	-	-	4,750	90,750	-	-
Dr C Yue (resigned 22/7/16)	18,838	-	-	-	18,838	-	-
Ms Y Wang (resigned 22/7/16)	14,129	-	-	-	14,129	-	-
Dr M Li (resigned 18/3/16)	1,742	-	-	165	1,907	-	-
<b>Other Key Management Personnel</b>							
B. Lyne (Company Secretary)	46,463	-	-	-	46,463	-	-
P Brookes (Exploration Manager)	100,002	-	-	7,044	107,046	-	-
<b>Total</b>	<b>343,103</b>	-	-	<b>11,959</b>	<b>355,062</b>		

As at balance date there was \$284,496 (2017: \$150,896) owing to directors for directors' fees. There were no other transactions with or loans outstanding to key management personnel for the year.

**Shareholdings of key management personnel**

	Balance 1 March	Received as Remuneration	Options exercised	Net change other	Balance 28 February
<b>Directors</b>					
Dr Yi Yang	200,000,000*		40,000,000		240,000,000
Dr Feng Wu	200,000,000*	-	40,000,000	-	240,000,000
Mr Bo Wang	-	-	-	-	-
Mr Bin Cai	6,250*	-	-	-	6,250

\* held in related entities

**Other Key Management Personnel**

P Brookes	-	-	-	-	-
B Lyne	-	-	-	-	-

**Option holdings of key management personnel**

Related entities of directors Yang and Wu exercised 40,000,000 options during the year and held 160,000,000 options at balance date.

There were no other options held by Key Management Personnel or their related entities at any time during the year.

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

**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 (*ceased employment 31 March 2018*)

Title: Exploration Manager

Agreement commenced: 22 August 2016

Term of agreement: 12 months to 22 August 2017, then continued on same terms to 31 March 2018

Details: The Company has entered into an agreement with Peter Brookes to provide services on a part time basis at a rate of \$800 per day and a minimum of four days per month. The agreement may be terminated by either party on the giving of one months' notice.

Name: Bill Lyne

Title: Company Secretary

Agreement commenced: 19 January 2010

Term of agreement: Not specified

Details: The Company has entered into an agreement with Company Secretarial Services Pty Ltd for Bill Lyne to provide services on an as required basis, and fees are paid to the that company (which is a related entity of Mr Lyne). No notice period has been specified.

**Remuneration Options**

No Key Management Personnel options were granted as remuneration during the year. (2017: Nil) There were no cash bonuses or share based payment options granted during the year (2017: nil).

**END OF REMUNERATION REPORT**

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

**15. NON-AUDIT SERVICES**

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

**16. 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 and Officers 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 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 2018 has been received and forms part of this directors' report and can be found on page 13.

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

Signed:



**BIN CAI  
Director**

4 May 2018

**ORION METALS LIMITED**  
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**AUDITOR'S DECLARATION OF INDEPENDENCE**



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**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 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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 period.

A handwritten signature in black ink, appearing to read 'A J Whyte', with a stylized flourish at the end.

**A J Whyte**

Director

**BDO Audit Pty Ltd**

Brisbane, 4 May 2018

**ORION METALS LIMITED**  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

	Note	2018	2017
		\$	\$
Other income		-	2,500
Other expenses	6	(141,471)	(144,588)
Personnel expenses	6	(335,662)	(367,235)
Exploration and evaluation expense		(224,223)	(125,723)
<b>Loss from operating activities</b>		<b>(701,356)</b>	<b>(635,046)</b>
Finance income	5	1,278	3,045
Finance costs		-	-
Net finance income		<b>1,278</b>	<b>3,045</b>
Profit/(loss) before income tax		<b>(700,078)</b>	<b>(632,001)</b>
Income tax	7	-	-
Profit/(loss) after income tax		<b>(700,078)</b>	<b>(632,001)</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(700,078)</b>	<b>(632,001)</b>
Profit/(loss) attributable to: the owners of the company		<b>(700,078)</b>	<b>(632,001)</b>
Total comprehensive income attributable to: the owners of the company		<b>(700,078)</b>	<b>(632,001)</b>
Basic earnings/(loss) per share (cents per share)	15	<b>(0.19)</b>	<b>(0.23)</b>
Diluted earnings/(loss) per share (cents per share)	15	<b>(0.19)</b>	<b>(0.23)</b>

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**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 28 FEBRUARY 2018**

	Note	2018 \$	2017 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	96,899	435,354
Trade and other receivables	9	5,345	1,210
Other assets	10	9,035	8,896
<b>Total Current Assets</b>		<b>111,279</b>	<b>445,460</b>
<b>Non-Current Assets</b>			
Exploration and evaluation assets	11	-	-
<b>Total Non-Current assets</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>111,279</b>	<b>445,460</b>
<b>Current Liabilities</b>			
Trade and other payables	12	331,854	183,919
Employee benefits		55,430	37,468
<b>Total Current Liabilities</b>		<b>387,284</b>	<b>221,387</b>
<b>TOTAL LIABILITIES</b>		<b>387,284</b>	<b>221,387</b>
<b>Net Assets</b>		<b>(276,005)</b>	<b>224,073</b>
<b>Equity</b>			
Issued capital	13	14,747,717	14,547,717
Reserves	14	467,838	467,838
Accumulated losses		(15,491,560)	(14,791,482)
<b>Total equity</b>		<b>(276,005)</b>	<b>224,073</b>

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

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

	Issued Capital \$	Options reserve \$	Accumulated losses \$	Totals \$
<b>Balance at 1 March 2016</b>	13,568,283	467,838	(14,159,481)	(123,360)
Profit /(Loss) after income tax	-	-	(632,001)	(632,001)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	(632,001)	(632,001)
<b>Transactions with owners, recorded directly with equity</b>				
Shares issued during the year	1,000,000	-	-	1,000,000
Share issue costs	(20,566)	-	-	(20,566)
<b>Balance at 28 February 2017</b>	<b>14,547,717</b>	<b>467,838</b>	<b>(14,791,482)</b>	<b>224,073</b>
<b>Balance at 1 March 2017</b>	<b>14,547,717</b>	<b>467,838</b>	<b>(14,791,482)</b>	<b>224,073</b>
Profit /(Loss) after income tax	-	-	(700,078)	(700,078)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	(700,078)	(700,078)
<b>Transactions with owners, recorded directly with equity</b>				
Shares issued during the year	200,000	-	-	200,000
<b>Balance at 29 February 2018</b>	<b>14,747,717</b>	<b>467,838</b>	<b>(15,491,560)</b>	<b>(276,005)</b>

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

**ORION METALS LIMITED**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

	Note	2018 \$	2017 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and GST		23,770	30,245
Payments to suppliers and employees		(343,520)	(533,106)
Exploration and evaluation expense		(219,983)	(159,055)
Interest received		1,278	3,045
<b>Net Cash Provided By/ (Used In) Operating Activities</b>	20	<b>(538,455)</b>	<b>(658,871)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from issues of equity securities		200,000	1,000,000
Payments for share issue costs		-	(20,566)
<b>Net Cash Provided By/ (Used In) Financing Activities</b>		<b>200,000</b>	<b>979,434</b>
<b>Net Increase/(Decrease) In Cash and Cash Equivalents</b>		<b>(338,455)</b>	<b>320,563</b>
<b>Cash and Cash Equivalents opening balance</b>		<b>435,354</b>	<b>114,791</b>
<b>Cash and Cash Equivalents closing balance</b>	8	<b>96,899</b>	<b>435,354</b>

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

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

**1 REPORTING ENTITY**

The financial statements of Orion Metals Limited for the year ended 28 February 2018 were authorised for issue in accordance with a resolution of the directors on 4 May 2018 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**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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

**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 2018 of \$700,078 after exploration and evaluation expense of \$224,223. The net cash outflow from operations of for the year was \$538,455. At 28 February 2018, the Group's current liabilities exceeded its current assets by \$276,005. This includes \$284,496 owing to directors.

The Company raised \$200,000 during the year from the exercise of 40,000,000 options at \$0.005 by Excellence Holdings HK Ltd (EH). Of the remaining 160,000,000 options held by EH, 20,000,000 were exercised at \$0.005 on 29 March 2018, raising a further \$100,000. EH have advised the Company that the remaining 140,000,000 options will be exercised before their expiry date of 28 July 2018.

In February 2018 Orion entered into a farm-in agreement with private entity PVW Resources NL (PVW), under which Orion and PVW have established an unincorporated joint venture to carry out exploration activities within the Tanami West tenements. These tenements are considered to have gold and rare earth element (REE) exploration potential. PVW may acquire up to a 90% interest in the joint venture property (including the tenements, mining information and plant and equipment) in return for paying Orion up to \$250,000 and spending up to \$1,000,000 in exploration activities. Full details are set out in the accompanying Directors' Report.

The funds raised from the exercise of options and/or the farm-in agreement will be applied to Orion's ongoing operational activities and other working capital requirements.

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. These circumstances give rise to the existence of a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

### **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 2018 ("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.

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. Exploration and Evaluation Expenditure**

The Company has changed its accounting policy with respect to Exploration and Evaluation Expenditure. Exploration expenditure is now expensed as and when it is incurred, until such a time an economically recoverable resource has been identified.

This accounting policy has been changed as it provides more relevant information in the financial report.

This change in accounting policy has been applied retrospectively.

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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

**D. 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.

**E. 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.

**F. 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.

**G. Equity Settled Share Based Compensation**

The Consolidated Entity may issue 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.

**H. 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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

**I. 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).

**J. 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.

**K. 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.

**L. 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.

**M. 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.

**N. 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 2017. 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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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 2018</b>	<b>Consolidated Entity 2017</b>
	\$	\$
<b>5 REVENUE AND OTHER INCOME</b>		
Other income	-	2,500
Finance income	1,278	3,045
	1,278	5,545

**6 EXPENSES**

Profit/(loss) before income tax expense has been determined after:

Audit and accountancy fees	45,496	45,534
Legal fees	8,176	21,941
Share registry expenses and listing fees	43,374	32,870
Insurance	14,778	15,546
Travel and accommodation	4,813	953
Other miscellaneous costs	24,834	27,744
Administrative expenses	141,471	144,588
<i>Employee expenses:</i>		
Salaries and on-costs	131,385	161,915
Directors fees and consultancy fees	204,277	205,320
	335,662	367,235

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

	<b>Consolidated Entity 2018 \$</b>	<b>Consolidated Entity 2017 \$</b>
<b>7 INCOME TAX</b>		
Components of tax expense/(benefit) comprise:		
Current tax	-	-
Deferred tax	-	-
Income Tax Expense/(Benefit)	-	-
<i>Numerical reconciliation of income tax benefit to prima facie tax payable</i>		
Loss from operations for the year	(700,078)	(632,001)
The prima facie income tax benefit on loss before income tax at a tax rate of 30% (2017: 30%)	210,023	189,600
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not recognised on current year loss	(210,023)	(189,600)
Total income tax benefit	-	-
<i>Net unrecognised deferred tax assets</i>		
Net Deductible temporary differences	33,185	32,161
Unused tax losses	5,520,729	5,313,227
Net unrecognised deferred tax asset	5,553,914	5,345,388
<i>Gross amounts of items in net unrecognised deferred tax assets</i>		
Net Deductible temporary differences	110,616	107,202
Unused tax losses	18,402,430	17,710,756
<b>Total unrecognised deferred tax assets</b>	<b>18,513,046</b>	<b>17,817,958</b>
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.		
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.		
The consolidated entity has no franking credits.		
<b>8 CASH AND CASH EQUIVALENTS AND OTHER FINANCIAL ASSETS</b>		
Cash at bank	96,899	435,354

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

	<b>Consolidated Entity 2018 \$</b>	<b>Consolidated Entity 2017 \$</b>
<b>9 TRADE &amp; OTHER RECEIVABLES</b>		
Other debtors	5,345	1,210
	5,345	1,210
No receivables are past due or impaired (2017: nil) no collateral is held (2017:nil)		
<b>10 OTHER ASSETS</b>		
<b>Current</b>		
Deposits	2,578	2,578
Prepayments	6,457	6,318
	9,035	8,896

**11 CHANGE IN ACCOUNTING POLICY**

The company has changed its exploration and evaluation expenditure accounting policy. Refer note 3 C for the change in accounting policy. A reconciliation between the original and the restated comparative balances is shown below as a result of the change in the accounting policy:-

	Note	Previously stated 28/2/2017	Adjustment	Restated 28/2/2017
<b>Statement of profit or loss and other Comprehensive Income</b>				
Exploration and evaluation expense	3	-	125,723	125,723
Write off of exploration and evaluation assets		(2,030,583)	2,030,583	-
Net surplus/(deficit) for the year		(2,536,861)	1,904,860	(632,001)
<b>Other Comprehensive Income</b>				
Total other comprehensive income for the year		-	-	-
<b>Total comprehensive income for the year</b>		<b>(2,536,861)</b>	<b>1,904,860</b>	<b>(632,001)</b>
<b>Statement of financial position</b>				
<b>EQUITY</b>				
Accumulated losses		(12,254,621)	(1,904,860)	(14,159,481)
<b>Total equity</b>		<b>1,781,500</b>	<b>(1,904,860)</b>	<b>(123,360)</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

	<b>Consolidated Entity 2018 \$</b>	<b>Consolidated Entity 2017 \$</b>
<b>12 TRADE AND OTHER PAYABLES</b>		
Payable to directors	284,496	150,896
Other	47,358	33,023
	331,854	183,919

**13 ISSUED CAPITAL**

385,097,443 (2017: 345,097,443) fully paid ordinary shares	14,984,719	14,784,719
Transaction costs relating to share issues (net of tax)	(237,002)	(237,002)
	14,747,717	14,547,717

	<b>Consolidated entity 2018</b>		<b>Consolidated entity 2017</b>	
	#	\$	#	\$
<b>Ordinary shares</b>				
Balance at the beginning of the year	345,097,443	14,547,717	145,097,443	13,568,283
Share issues	40,000,000	200,000	200,000,000	1,000,000
Share issue costs	-	-	-	(20,566)
Balance at the end of the year	385,097,443	14,747,717	345,097,443	14,547,717

*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.

*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 2017.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

**14 RESERVES**

	<b>Consolidated Entity 2018 \$</b>	<b>Consolidated Entity 2017 \$</b>
<b>Options reserve</b>		
Opening balance	467,838	467,838
Options issued	-	-
Closing balance	467,838	467,838

The option reserve account is to account for share based payments

**15 EARNINGS PER SHARE**

	<b>2018 (Number)</b>	<b>2017 (Number)</b>
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	365,042,648	271,672,785
	<b>2018 \$</b>	<b>2017 \$</b>
Net loss after tax used in calculating basic earnings per share	700,078	632,001
Net loss after tax used in calculating diluted earnings per share	700,078	632,001

**16 CONTROLLED ENTITIES**

**Investments in controlled entities**

	<b>Country of incorporation</b>	<b>% ownership 2018</b>	<b>% ownership 2017</b>	<b>Class of shares</b>
Rich Resources Investments Pty Ltd	Australia	100%	100%	Ord
Broughton Orion Pty Ltd	Australia	100%	100%	Ord

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

	<b>Consolidated Entity 2018 \$</b>	<b>Consolidated Entity 2017 \$</b>
<b>17 COMMITMENTS FOR EXPENDITURE</b>		
<b>Commitments for maintaining exploration tenements payable</b>		
- Not longer than 1 year	216,531	269,351
- Longer than 1 year but not longer than 5 years	337,987	1,035,720
- Longer than 5 years	-	-
	<b>554,518</b>	<b>1,305,071</b>
<b>Tenement rentals</b>		
- Not longer than 1 year	63,849	106,488
- Longer than 1 year but not longer than 5 years	164,925	216,875
- Longer than 5 years	-	-
	<b>228,774</b>	<b>323,363</b>

The above amounts exclude any commitments for expenditure for the Tanami West tenements due to the execution of the Farm-In agreement in February 2018 – refer Note 11.

**18 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 2018 \$</b>	<b>Consolidated entity 2017 \$</b>
<b>19 RELATED PARTIES</b>		
<b>Key management personnel compensation</b>		
Short term employee benefits	281,646	343,103
Post-employment benefits	4,750	11,959
	<b>286,396</b>	<b>355,062</b>

**Substantial shareholder transactions**

40,000,000 shares were issued to substantial shareholder Excellence Holdings HK Limited during the year (EH) upon the exercise of 40,000,000 options at \$0.005 each. As at balance date EH held 240,000,000 shares (2017: 200,000,000) in the Company and 160,000,000 options (2017: 200,000,000) exercisable at \$0.005 and expiring on 28 July 2018.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

**20 CASH FLOW INFORMATION**

	<b>Consolidated Entity 2018 \$</b>	<b>Consolidated Entity 2017 \$</b>
<i>Reconciliation of cash flow from operations with profit / (loss) after tax</i>		
Profit / (loss) after tax	<b>(700,078)</b>	<b>(632,001)</b>
<b>Non-cash flows:</b>		
<b>Changes in operating assets and liabilities</b>		
Decrease in receivables	<b>(4,135)</b>	<b>5,867</b>
Decrease/(increase) in other assets	<b>(139)</b>	<b>(3,317)</b>
(Decrease)/increase in creditors and payables	<b>147,935</b>	<b>(16,326)</b>
(Decrease)/Increase in employee entitlements	<b>17,962</b>	<b>(13,094)</b>
<b>Net cash used in operating activities</b>	<b><u>(538,455)</u></b>	<b><u>(658,871)</u></b>

**21 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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

**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 2018</b>	<b>Consolidated Entity 2017</b>
	\$	\$
<b>Sensitivity</b>		
Cash and cash equivalents and other financial assets	<b>96,899</b>	<b>435,354</b>
Effect on profit or loss before taxes		
Increase 0.25%	<b>242</b>	<b>1,088</b>
Decrease 0.25%	<b>(242)</b>	<b>(1,088)</b>

*(ii) Price risk management*

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

**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 2018 and 28 February 2017 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.

**ORION METALS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

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

**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.

<b>Consolidated Entity 2018 \$</b>	<b>Consolidated Entity 2017 \$</b>
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**22 AUDITORS REMUNERATION**

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

	<b>35,416</b>	<b>36,454</b>
	<b>35,416</b>	<b>36,454</b>

No other services were provided by the auditors during the year.

**23 SHARE-BASED PAYMENTS**

40,000,000 Orion Metals Limited ordinary shares were issued during the year at 0.5 cents per share as a result of the exercise of options over unissued shares in the Company.

200,000,000 options were issued during the year ended 28 February 2017.

**Consolidated Entity**

	<b>2018</b>		<b>2017</b>	
	<b>No. of options</b>	<b>Weighted average exercise price (cents)</b>	<b>No. of options</b>	<b>Weighted average exercise price (cents)</b>
Outstanding at beginning of year	200,000,000	0.5	-	-
Granted	-	-	200,000,000	0.5
Forfeited	-	-	-	-
Exercised	(40,000,000)	0.5	-	-
Outstanding at year-end	160,000,000	0.5	200,000,000	0.5
Exercisable at year-end	160,000,000	0.5	200,000,000	0.5

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2018**

**24 SUBSEQUENT EVENTS**

On 29 March 2018, the consolidated entity issued 20,000,000 shares to Excellence Holdings HK Limited upon the exercise 20,000,000 options at \$0.005 each.

Other than stated above, there have been no matters or circumstances that 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.

**25 PARENT ENTITY DISCLOSURES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Result of parent entity</b>		
Profit/loss for the year	(699,454)	(666,935)
Other comprehensive income/(loss) for the year	-	-
<b>Total comprehensive income</b>	(699,454)	(666,935)
<b>Financial position of parent entity at year end</b>		
Current Assets	109,608	444,345
Total assets	109,608	444,345
Current Liabilities	386,104	221,387
Total liabilities	386,104	221,387
<b>Net Assets</b>	(276,496)	222,958
<b>Total equity of the parent entity comprising :</b>		
Issued capital	14,747,717	14,547,717
Reserves	467,838	467,838
Accumulated losses	(15,492,051)	(14,792,597)
<b>Total equity</b>	(276,496)	222,958

The Company's contingencies and commitments comprise tenement rentals and commitments for maintaining exploration tenements. The total commitments as at 28 February 2018 are \$783,292 (2017: \$673,686).

The Company has not entered into any guarantees.

**26 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**

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**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 2018 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 4<sup>th</sup> day of May 2018

## INDEPENDENT AUDITOR'S REPORT

To the members of Orion Metals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Orion Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 28 February 2018, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 28 February 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### **Material uncertainty related to going concern**

We draw attention to Note 2 (d) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

### **Other information**

The directors are responsible for the other information. The other information comprises the information contained in director's report for the year ended 28 February 2018, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

### **Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 28 February 2018.

In our opinion, the Remuneration Report of Orion Metals Limited, for the year ended 28 February 2018, complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

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.

**BDO Audit Pty Ltd**

BDO  


**A J Whyte**

**Director**

Brisbane, 4 May 2018