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ORION METALS LIMITED

ACN 096 142 737

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 AUGUST 2021**

Orion Metals Limited

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Corporate information

Directors	Dr Yi Yang (Chairman, Non-Executive Director) Dr Feng Wu (Executive Director) Mr Yu Zhou (Non-Executive Director) Mr Bin Cai (Executive Director/CFO)
Company Secretary	Bill Lyne
Registered Office	221 Jesmond Road Fig Tree Pocket Queensland 4069
Contact Details	GPO Box 7115 Brisbane Qld 4001 Phone: +61 413 976 908 Email: admin@orionmetals.com.au
Share Registry	Link Market Services Limited Level 21 10 Eagle Street Brisbane Qld 4000 Telephone: + 61 2 8280 7111 Facsimile: + 61 2 9287 0303
Auditor	BDO Audit Pty Ltd Level 10 12 Creek Street Brisbane Qld 4000 Telephone: + 61 7 3237 5999 Facsimile: + 61 7 3221 9227
Lawyers	Ashurst Australia Level 38, Riverside Centre, 123 Eagle Street, Brisbane QLD 4000 Telephone: +61 7 3259 7000 Facsimile: +61 7 3259 7111
Stock Exchange Listing	Orion Metals Limited shares are quoted on the Australian Securities Exchange under the code 'ORM'
Website	www.orionmetals.com.au

Orion Metals Limited

Directors' report

The Directors of Orion Metals Limited ('Orion', 'ORM' or 'the Company') submit herewith the interim financial report of the Company for the half-year ended 31 August 2021.

Directors

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

Dr Yi Yang (Non-Executive Chairman, Non-Executive Director)
Dr Feng Wu (Executive Director)
Bo Wang (Non-Executive Director) – resigned 11 March 2021
Yu Zhou (Non-Executive Director) – appointed 11 March 2021
Bin Cai (Executive Director/CFO)

Principal activities

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

Review of operations

The Company recorded a loss after tax of \$381,742 for the half-year ended 31 August 2021 (31 August 2020: \$255,966). Exploration and Evaluation expense during the half-year was \$45,125 (2019: \$28,830).

The Company's only exploration project is now Top Camp and no on-ground exploration activities were conducted there during the half-year period. The Company has continued to assess the project to maintain the tenements in good standing.

Exploration activities:

There was no on-ground exploration conducted this half-year by Orion.

Orion's exploration activities remain tightly constrained at the Top Camp project while the Company's Board of Directors decides on exploration objectives and strategy.

Top Camp Project

Gold and Copper

Located 40km south west of Cloncurry in Queensland, the Top Camp Project consists of 4 granted mining leases. All the leases are 100% ORM held. The Project is considered prospective for IOCG (iron oxide copper gold) type deposits and has alluvial gold potential.

During the current reporting period the Queensland Department of Resources ("QDoR") has accepted renewal applications for ML 2786, ML 2785 and ML 2792 for additional terms to expire 28 February 2026. ML 2764 is due to expire 31 January 2025.

Orion entered into a Sale of Tenements Agreement with Mayfair Corporations Group Pty Ltd ("Mayfair") on 13 July 2021 in respect of the sale and purchase of the 4 mining leases comprising the Top Camp Project for \$500,000 purchase price.

Sale of the Top Camp tenements was approved by shareholders at the Company's Annual General Meeting ("AGM") held on 14 July 2021.

A transfer application for the tenements to Mayfair has been received by QDoR – and is currently being processed by them – with the mining lease renewals to proceed once the transfer application is approved.

Corporate

There have been no material corporate activities or changes during the half-year period ended 31 August 2021, or since that date, other than as stated in this report.

Orion Metals Limited

On 11 March 2021 Mr Bo Wang, who was an independent Non-Executive Director since July 2016, resigned due to other commitments and to pursue other activities. In his place the Board has appointed Mr Yu Zhou as a Non-Executive Director.

The Company's Annual General Meeting was held on 14 July 2021 at which all resolutions were passed on a poll. The resolutions included confirmation of Yu Zhou's appointment and approval for sale of the Top Camp Project.

During the period the Company's Registered Office and Principal Place of Business have been relocated from Calamvale to Fig Tree Pocket in suburban Brisbane, and the Company's telephone number has changed.

With the sale of the Top Camp Project the Directors have continued to concentrate on investigating the acquisition of new assets to further increase value for the benefit of all shareholders and to source alternative funding arrangements to the support currently being provided by major shareholder Excellence Holdings HK Limited ("EHHK") and other parties. To this end, the Company has mandated professional advisors to assist and advise the Company on investment opportunities in mining or exploration assets that are in a more advanced or developed stage as well as any further capital raising that may be required by the Company to support its future activities.

Subsequent events

No matters or circumstances have arisen since the end of the half-year period which significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the period under review other than as noted below.

EHHK has since period-end provided another loan of \$60,000 to the Company, making a total of \$125,000 in loans from this shareholder. All loans are at zero interest rate, unsecured and for no fixed term.

Auditor's independence declaration

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

Signed in accordance with a resolution of directors.



Mr. Bin Cai
Director

Brisbane, 10 November 2021



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY C K HENRY TO THE DIRECTORS OF ORION METALS LIMITED

As lead auditor for the review of Orion Metals Limited for the half-year ended 31 August 2021, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'C K Henry', written in a cursive style.

C K Henry
Director

BDO Audit Pty Ltd

Brisbane, 10 November 2021

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Orion Metals Limited

Consolidated statement of financial position As at 31 August 2021

	\$	\$
Note	31 August 2021	28 February 2021
Current assets		
Cash and cash equivalents	38,406	70,488
Other current assets	37,186	18,875
Total current assets	75,592	89,363
Total assets	75,592	89,363
Current liabilities		
Trade and other payables	898,479	826,281
Employee benefits	176,084	95,311
Total current liabilities	1,074,563	921,592
Non-Current Liabilities		
Related party payables	215,000	-
Total Non-Current Liabilities	215,000	-
Total liabilities	1,289,563	921,592
Net liabilities	(1,213,971)	(832,229)
Equity		
Issued capital	15,547,717	15,547,717
Options reserve	467,838	467,838
Accumulated losses	(17,229,526)	(16,847,784)
Total deficit	(1,213,971)	(832,229)

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

Orion Metals Limited

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 August 2021

	Notes	\$ 2021	\$ 2020
Other income	6	-	15,288
Share Registry expenses and listing fees		(20,507)	(24,471)
Salaries, wages and fees		(270,009)	(178,563)
Other administrative expenses		(46,101)	(39,393)
Exploration and evaluation expenses		(45,125)	(28,830)
		<u>(381,742)</u>	<u>(255,969)</u>
Finance income		-	3
Finance costs		-	-
Net finance income/(costs)		-	3
		<u>(381,742)</u>	<u>(255,966)</u>
Profit/(Loss) before income tax		(381,742)	(255,966)
Income tax expense		-	-
Profit/(loss) after income tax		(381,742)	(255,966)
Other comprehensive income			
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the period		<u>(381,742)</u>	<u>(255,966)</u>
Loss attributable to:			
Owners of the Company		<u>(381,742)</u>	<u>(255,966)</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>(381,742)</u>	<u>(255,966)</u>
Earnings per share			
Basic earnings per share		\$ (0.0007)	\$ (0.0005)
Diluted earnings per share		\$ (0.0007)	\$ (0.0005)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Orion Metals Limited

Consolidated statement of changes in equity For the half-year ended 31 August 2021

	Issued capital \$	Options reserve \$	Accumulated Losses \$	Total \$
Balance at 1 March 2021	15,547,717	467,838	(16,847,784)	(832,229)
Net loss	-	-	(381,742)	(381,742)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(381,742)	(381,742)
Transactions with owners, recorded directly in equity				
Shares issued during the half-year		-	-	-
Balance at 31 August 2021	15,547,717	467,838	(17,229,526)	(1,213,971)
Balance at 1 March 2020	15,372,717	467,838	(16,623,210)	(782,655)
Net loss	-	-	(255,966)	(255,966)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(255,966)	(255,966)
Transactions with owners, recorded directly in equity				
Shares issued during the half-year	21,000	-	-	21,000
Balance at 31 August 2020	15,393,717	467,838	(16,879,176)	(1,017,621)

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

Orion Metals Limited

Consolidated statement of cash flows For the half-year ended 31 August 2021

	2021 \$	2020 \$
Cash flows from operating activities		
Receipts from other income & GST	15,273	15,466
Payments to suppliers and employees	(197,355)	(178,628)
Interest received	-	3
Net cash used in operating activities	<u>(182,082)</u>	<u>(163,159)</u>
Cash flows from investing activities		
Payments for exploration and evaluation assets	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from the issue of share capital	-	21,000
Proceeds from borrowings	150,000	99,000
Share issue costs	-	-
Net cash provided by/(used) by financing activities	<u>150,000</u>	<u>120,000</u>
Net increase/(decrease) in cash and cash equivalents	(32,082)	(43,159)
Cash and cash equivalents at the beginning of the half-year	<u>70,488</u>	<u>55,376</u>
Cash and cash equivalents at the end of the half-year	<u><u>38,406</u></u>	<u><u>12,217</u></u>

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

Orion Metals Limited

Notes to interim financial report for the half-year ended 31 August 2021

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1 Basis of preparation

Orion Metals Limited is domiciled in Australia. The consolidated interim financial report of the company as at and for the 6 months ended 31 August 2021 comprises the company and its controlled entities. The company is a for-profit entity.

These general purpose financial statements for the interim half-year reporting period ended 31 August 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The historical cost basis has been used.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 28 February 2021 and any public announcements made by Orion Metals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The recent coronavirus pandemic (COVID-19) has not impacted on Orion Metals' operations.

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no material impact of adoption of any new standards. There are no standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

2 Operating segments

Identification of reportable operating segments

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

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

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

3 Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Consolidated Entity has incurred a net loss after tax for the half-year ended 31 August 2021 of \$381,742 and a net cash outflow from operations of \$182,082. At 31 August 2021, the Consolidated Entity's current liabilities exceeded its current assets by \$998,971 and has an overall net liability position of \$1,213,971.

Excellence Holdings HK Limited (EHHK) loaned \$65,000 to Orion Metals during the period end 28 February 2021 and have provided the Company with a written letter of financial support. Joanna Yan loaned \$100,000 and Australia Cayenne Holdings Pty Ltd loaned \$50,000 to provide further financial support to the Group during the most recent half-year period. These loans are all at zero interest rate, unsecured and for no fixed

term.

The ability of the group 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, as well as ongoing support from EHHK. 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.

4 Related party payables

At half-year end the Company has received loans aggregating \$65,000 from EHHK (a related entity of Directors Yi Yang and Feng Wu), \$150,000 from Australia Cayenne Holdings Pty Ltd (a related entity of Director Bin Cai). These loans are at zero interest rate, unsecured and for no fixed term.

5 Contributed equity

	31 August 2021	28 February 2021
	\$	\$
545,097,443 (28 February 2021: 545,097,443) fully paid ordinary shares	<u>15,547,717</u>	<u>15,547,717</u>

Movements in ordinary share capital

Details	Date	Shares	Issue Price	\$
Balance at the beginning of the period		545,097,443		15,547,717
Balance at 31 August 2021		<u>545,097,443</u>		<u>15,547,717</u>

Dividends

No dividends were declared or paid during the interim period.

6 Other income

The company received income from other sources during the year, being government support to all businesses with employees because of the coronavirus pandemic, namely the ATO Cashflow Boost. Other income is recognised when there is reasonable assurance that the entity will comply with the conditions attached to the grant and reasonable assurance that the grant funds will be received.

7 Contingent liabilities

The possibility of native title claim applications at some future time, under the provisions of the Native Title Act (1993), may affect access to and tenure of exploration tenements. Any substantial claim may have an

effect on the value of the tenement affected by the claim. No provision has been made in the financial statements for the possibility of a native title claim application.

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.

8 Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the period which significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the period under review other than EHHK has since period-end provided another loan of \$60,000 to the Company, making a total of \$125,000 in loans from this shareholder.

	31 August 2021	28 February 2021
	\$	\$
9 Related parties		
Key Management Personnel		
Short term employee benefits	176,011	240,515
Post-employment benefits	2,375	4,750
	178,386	245,265

Amounts owing to directors

As at 31 August 2021, \$789,896 of trade and other payables balances related to unpaid fees owed to directors.

Substantial shareholder transactions

As at reporting date EHHK held 400,000,000 shares in the Company. There were no substantial shareholder transactions during this period.

Directors' Declaration

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 August 2021 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Orion Metals Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



Mr. Bin Cai
Director

Brisbane, 10 November 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Orion Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Orion Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 August 2021, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 August 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 3 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 conclusion is not modified in respect of this matter.

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Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 August 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



C K Henry

Director

Brisbane, 10 November 2021

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