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**ORION METALS LIMITED**

ACN 096 142 737

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 AUGUST 2022**

## 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	John Lemon
Registered Office	221 Jesmond Road Fig Tree Pocket Queensland 4069
Contact Details	GPO Box 7115 Brisbane Qld 4001  Phone: +61 413 976 908 Email: <a href="mailto:admin@orionmetals.com.au">admin@orionmetals.com.au</a>
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	<a href="http://www.orionmetals.com.au">www.orionmetals.com.au</a>

# 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 2022.

### 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)  
Yu Zhou (Non-Executive Director)  
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 \$296,776 for the half-year ended 31 August 2022 (31 August 2021: \$381,742). Exploration and Evaluation expense during the half-year was nil (2021: \$45,125).

Sale of the Top Camp Project, which was the Company's sole remaining exploration project, was completed on 15 December 2021 and no exploration activities were conducted during the period. The Company's Directors have continued to concentrate on investigating the acquisition of new assets by the Company to increase value for the benefit of all shareholders and to source new funding arrangements as alternatives to the support which has been provided as loans by Director-related shareholders in recent times.

The professional advisors still engaged by ORM to advise on investment opportunities & capital raising. They will continue service us for coming placements and Due Diligence of new projects.

Due to delays in finalising new asset acquisitions and funding arrangements, on 16 June 2022 – being 6 months after the date of completion of the sale of the Company's last remaining exploration project – the Australian Securities Exchange (ASX) suspended the Company's shares from trading on the ASX until the Company complies with various Listing Rules, in particular the requirements of Chapter 11 – a process that could take some time.

### *Exploration activities:*

No exploration activities were conducted during the period.

### Corporate

The Company's Annual General Meeting was held on 29 July 2022 at which all resolutions put to Shareholders were passed, including approval of the issue of performance rights under the Company's Performance Rights Plan to Directors Mr. Yi Yang, Mr Feng Wu and Mr Bin Cai: as follows:

- Yi Yanng - 1,000,000 Performance Rights;
- Feng Wu – 1,000,000 Performance Rights; and
- Bin Cai – 32,000,000 Performance Rights.

The main purpose of the Performance Rights Plan is to incentivise eligible participants to provide (and reward them for providing) dedicated and ongoing commitment and effort to the Company, and to align the interests of eligible participants with Shareholders in order to increase Shareholder value. To date no agreements have been entered into

## Orion Metals Limited

with directors of the Company or any other persons to issue Performance Rights to them under the Performance Rights Plan.

There have been no other material corporate activities or changes during the half-year period ended 31 August 2022, or since that date, other than as stated in this report.

### 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.

### 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 2022

**Orion Metals Limited**  
**Auditor's independence declaration**  
**As at 31 August 2022**



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**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 2022, 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 2022

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# Orion Metals Limited

## Consolidated statement of financial position As at 31 August 2022

	\$ 31 August 2022	\$ 28 February 2022
<b>Current assets</b>		
Cash and cash equivalents	114,603	328,482
Other current assets	39,469	22,011
<b>Total current assets</b>	<b>154,072</b>	<b>350,493</b>
<b>Total assets</b>	<b>154,072</b>	<b>350,493</b>
<b>Current liabilities</b>		
Trade and other payables	1,089,657	1,273,723
Employee benefits	193,336	183,915
<b>Total current liabilities</b>	<b>1,282,993</b>	<b>1,457,638</b>
<b>Non-Current Liabilities</b>		
Related party payables	4 275,000	-
<b>Total Non-Current Liabilities</b>	<b>275,000</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,557,993</b>	<b>1,457,638</b>
<b>Net liabilities</b>	<b>(1,403,921)</b>	<b>(1,107,145)</b>
<b>Equity</b>		
Issued capital	5 15,547,717	15,547,717
Options reserve	467,838	467,838
Accumulated losses	(17,419,476)	(17,122,700)
<b>Total deficit</b>	<b>(1,403,921)</b>	<b>(1,107,145)</b>

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 2022

	Notes	\$ 2022	\$ 2021
Other income	6	-	-
Share Registry expenses and listing fees		(26,475)	(20,507)
Salaries, wages and fees		(220,956)	(270,009)
Other administrative expenses		(50,844)	(46,101)
Exploration and evaluation expenses		-	(45,125)
		<u>(298,275)</u>	<u>(381,742)</u>
Finance income		-	-
Finance costs		1,499	-
Net finance income/(costs)		<u>1,499</u>	-
Profit/(Loss) before income tax		<u>(296,776)</u>	<u>(381,742)</u>
Income tax expense		-	-
<b>Profit/(loss) after income tax</b>		<b>(296,776)</b>	<b>(381,742)</b>
<b>Other comprehensive income</b>			
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive income for the period</b>		<b><u>(296,776)</u></b>	<b><u>(381,742)</u></b>
<b>Loss attributable to:</b>			
Owners of the Company		<u>(296,776)</u>	<u>(381,742)</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b><u>(296,776)</u></b>	<b><u>(381,742)</u></b>
<b>Earnings per share</b>			
Basic earnings per share		\$ (0.0005)	\$ (0.0007)
Diluted earnings per share		\$ (0.0005)	\$ (0.0007)

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 2022

	Issued capital \$	Options reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 March 2022</b>	<b>15,547,717</b>	<b>467,838</b>	<b>(17,122,700)</b>	<b>(1,107,145)</b>
Net loss	-	-	(296,776)	(296,776)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(296,776)</b>	<b>(296,776)</b>
<b>Transactions with owners, in their capacity as owners:</b>				
Shares issued during the half-year	-	-	-	-
<b>Balance at 31 August 2022</b>	<b>15,547,717</b>	<b>467,838</b>	<b>(17,419,476)</b>	<b>(1,403,921)</b>
<b>Balance at 1 March 2021</b>	<b>15,547,717</b>	<b>467,838</b>	<b>(16,847,784)</b>	<b>(832,229)</b>
Net loss	-	-	(381,742)	(381,742)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(381,742)</b>	<b>(381,742)</b>
<b>Transactions with owners, in their capacity as owners:</b>				
Shares issued during the half-year	-	-	-	-
<b>Balance at 31 August 2021</b>	<b>15,547,717</b>	<b>467,838</b>	<b>(17,229,526)</b>	<b>(1,213,971)</b>

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

## Orion Metals Limited

### Consolidated statement of cash flows For the half-year ended 31 August 2022

	2022 \$	2021 \$
<b>Cash flows from operating activities</b>		
Receipts from other income & GST	14,635	15,273
Payments to suppliers and employees	(230,012)	(197,355)
Interest received	1,499	-
Net cash used in operating activities	<u>(213,878)</u>	<u>(182,082)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation assets	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	-	-
Proceeds from borrowings	-	150,000
Share issue costs	-	-
Net cash provided by/(used) by financing activities	<u>-</u>	<u>150,000</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(213,878)</b>	<b>(32,082)</b>
<b>Cash and cash equivalents at the beginning of the half-year</b>	<b>328,481</b>	<b>70,488</b>
<b>Cash and cash equivalents at the end of the half-year</b>	<b><u>114,603</u></b>	<b><u>38,406</u></b>

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

# Orion Metals Limited

## Notes to interim financial report for the half-year ended 31 August 2022

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## 1 Basis of preparation

Orion Metals Limited is domiciled in Australia. The consolidated interim financial report of the consolidated entity comprises the company and its controlled entities. The consolidated entity is a for-profit entity.

These general purpose financial statements for the interim half-year reporting period ended 31 August 2022 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 2022 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 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 consolidated 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 2022 of \$296,776 and a net cash outflow from operations of \$213,878. At 31 August 2022, the Consolidated Entity's current liabilities exceeded its current assets by \$1,128,921 and has an overall net liability position of \$1,403,921.

Excellence Holdings HK Limited (EHHK) totally loaned \$ 125,000 to Orion Metals at the period end 28 February 2022 and have provided the Company with a written letter of financial support. Australia Cayenne Holdings Pty Ltd totally loaned \$150,000 at the period end 28 February 2022. Made the total loan balance as \$275,000. These loans are 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 Contributed equity

	31 August 2022	28 February 2022
	\$	\$
545,097,443 (28 February 2022: 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 2022		<u>545,097,443</u>		<u>15,547,717</u>

#### Dividends

No dividends were declared or paid during the interim period.

#### 5 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.

#### 6 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.

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	31 August 2022	28 February 2022
	\$	\$
<b>7 Related parties</b>		
<b>Key Management Personnel</b>		
Short term employee benefits	161,943	291,433
Post-employment benefits	13,170	9,557
	<u>175,113</u>	<u>300,990</u>

**Amounts owing to directors**

As at 31 August 2022, \$949,896 of trade and other payables balances related to unpaid fees owed to directors.

**Substantial shareholder transactions**

As at reporting date EHK 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 2022 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 2022

## 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 2022, 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 2022 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 2022 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 2022