



ORION METALS LIMITED

ACN 096 142 737

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

ORION METALS LIMITED
ACN 096 142 737

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Orion Metals Limited (the Company) and its controlled entities at the end of, or during the year ended, 28 February 2021.

1. THE DIRECTORS

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

<i>Dr Yi Yang</i>	<i>Non-Executive Chairman</i> <i>Appointed 22 July 2016</i>
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	400,000,000 shares held by Excellence Holdings HK Limited
Directorships held in other listed entities	None
<i>Dr Feng Wu</i>	<i>Executive Director (Compliance)</i> <i>Appointed 22 July 2016</i>
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	400,000,000 shares 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 Yu Zhou	Non-Executive Director <i>Appointed 11 March 2021</i>
Qualifications	Bachelor of Economics (International Banking & Finance) Tianjin University of Finance & Economics
Experience	Mr Yu Zhou was appointed as a Non-Executive Director to replace Mr Bo Wang as the second Australian resident director. After completing his degree Mr Zhou worked for a number of securities and investments companies, initially in China – including Beijing Wayield Investment Co. Ltd (2006-2015) – then in Australia – including Australia Cayenne Holdings Pty Ltd (2015-2019) – after moving to Sydney. Over the last couple of years he has acted as a consultant to the Company, particularly assisting with efforts to find JV partners or dispose of Orion's minerals leases, investigate potential new assets, and source new capital and other funding for the Company.
Special responsibilities	None
Interest in Shares and Options	None
Directorships held in other listed entities	None
Mr Bin Cai	Executive Director <i>Appointed 25 July 2012 (and previously Director 30 April 2012 ~ 31 May 2012)</i>
Qualifications	Master of Finance & IS
Experience	Mr Cai is the Managing Director of Conglin International Investment Group Pty Ltd based in Brisbane. He has a record of successful strategic investments in emerging Australian resources companies based on his long experience in resources investment. Prior to joining the Conglin Group Mr. Cai had eight years' experience with The China Investment Bank.
Special responsibilities	Chief Financial Officer
Interest in Shares and Options	6,250 shares held by Australia Cayenne Holdings Pty Ltd.
Directorships held in other listed entities	Director of Carpentaria Resources Limited (previously Carpentaria Exploration Limited), 15 May 2011 ~ 16 May 2018 Alternate Director of Northern Minerals Limited, appointed 29 August 2013 ~ continuing

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1. THE DIRECTORS (Cont'd)

Mr Bo Wang	Non-Executive Director
	<i>Appointed 22 July 2016; resigned 11 March 2021</i>
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

Company Secretary

Bill Lyne	Appointed 19 January 2010
Qualifications	BCom, CA, FGIA, FAICD, FFIN
Experience	Mr Lyne is the principal of Australian Company Secretary Service, providing company secretarial, compliance and governance services to public companies. He is secretary of a number of other listed companies and has a wealth of experience in corporate governance principles and practice.
Directorships held in other listed entities	Director of Jumbo Interactive Limited appointed 30 October 2009 ~ 31 March 2021

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 2021 was a loss of \$224,574 (2020 – loss of \$531,667) which included:

- exploration and evaluation expenses \$52,951 (2020: \$84,723),
- personnel expenses of \$340,346 (2020: \$339,021).

Exploration expenditure during the year focussed on the Tanami West and Top Camp Projects and totalled \$52,951 (2020: \$84,723). All exploration expenditure incurred during the year was expensed.

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The consolidated entity's strategy for future years remains under review. Directors have been 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 2021 and to the date of this report.

5. REVIEW OF ACTIVITIES AND BUSINESS STRATEGIES

During 2020/21 the consolidated entity continued to conserve funds through further reductions in costs and exploration activities, and the rationalisation of its tenements.

In May 2020 Orion raised \$21,000 from the exercise of 4,200,000 options at an exercise price of 0.5 cents each, and in October 2020 a further \$154,000 was raised from the exercise of the remaining 30,800,000 options. No more options are outstanding.

The Company's funding requirements have been further supplemented by loans from major shareholder Excellence Holding HK Limited which at balance date aggregated \$65,000. These loans are at zero interest rate, unsecured and for no fixed term.

Project activities are summarised as follows:

Tanami West Project

In August 2019 Orion and its wholly owned subsidiary Rich Resources Investments Pty Ltd (RRI) entered into a Tenements Sale Agreement with PVW Resources NL (PVW) and PVW Tanami Pty Ltd (PVW Tanami) for the Tanami West Project for \$250,000. An initial deposit of \$130,000 was received by Orion on 3 September 2019, with the balance due on completion. All regulatory requirements have since been completed, transfer of the titles was effected on 12 February 2021 and the final payment of \$120,000 was then received.

Top Camp Project

Top Camp is the Company's remaining Project which is prospective in view of the untested historic alluvial gold fields, and high quality primary Iron Oxide-Copper-Gold (IOCG) targets, located on mining leases within the world class base metal province of Cloncurry, Queensland.

Funding issues have severely constrained Orion's capacity to develop this Project, both in terms of exploration and mining. Despite the funding challenges, the Company continues to ensure all statutory approvals are in place to facilitate development of the Top Camp alluvial gold bulk sampling project.

Whilst the Company still retains its interest in the Top Camp Project, since financial year-end it has signed a binding Terms Sheet to sell this Project (see section 8).

6. OUTLOOK

Major shareholder, Excellence Holdings HK Limited, has undertaken to provide continued financial support to Orion Metals for their ongoing operations over the next twelve months. A 2021-2022 exploration and expenses budget has been constructed to guide the Company through this financial year.

With the impending sale of the Top Camp Project the Directors will be concentrating their efforts towards acquiring alternative assets to further increase value for the benefit of all shareholders of the 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 REPORTING DATE

On 5 March 2021 Orion entered into an exclusive binding Terms Sheet with Winfield Minerals Pty Ltd (Winfield) in respect of the sale and purchase of the 4 mining leases comprising the Top Camp Project for \$500,000 purchase price plus consideration to cover relevant costs incurred or committed and also an amount being the value of various securities provided by the Company to, and currently held by, the Queensland Department of Resources (QDoR) in respect of the Tenements.

Completion of the sale of the Tenements is conditional on satisfaction or waiver of the following conditions precedent:

- Indicative approval of the QDoR to the transfer of the Tenements
- Satisfactory due diligence by Winfield
- Approval of the shareholders of Orion to the sale of the Tenements

The Tenements constitute the remaining undertaking of the Company so sale of the Tenements will require shareholder approval pursuant to the ASX Listing Rules. The Company intends to dispatch notice of an Extraordinary General Meeting to approve the disposal of the Tenements as soon as practicable.

Directors consider that the sale of the Top Camp Project is in the best interests of the Company and will allow the Company to concentrate on acquiring alternative assets to further increase value for the benefit of all shareholders.

On 11 March 2021 Non-Executive Director Mr Bo Wang resigned due to other commitments and to pursue other activities and Mr Yu Zhou has been appointed as his replacement.

Other than the above, there have been no matters or circumstances that have arisen since the end of the financial 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.

The Directors continue to monitor the situation with the COVID-19 pandemic and consider that at the present time there is no potential impact on the Company's operations. The health, safety and wellbeing of staff and contractors is a high priority, and all are currently working from home. In the meantime, the Directors are actively monitoring the unfolding situation worldwide and ensuring compliance with the latest directives and guidelines issued by the Australian state and federal governments.

9. LIKELY DEVELOPMENTS

Directors will continue investigating potential new operating and investment opportunities, including advanced developed projects, and sources of funding to enable the Company to continue operations over the next twelve months and provide increased benefits within the short term.

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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. Where appropriate, 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 have the potential to 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.

11. ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity is subject to and has complied with environmental regulation in relation to its mineral exploration activities in North Queensland and Western Australia during the reporting period. 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 throughout 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.

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12. SHARES UNDER OPTION

Shares issued on the exercise of options

No new options were issued during the year ended 28 February 2021 (2020: 35,000,000).

35,000,000 Orion Metals Limited ordinary shares were issued during the year at 0.5 cents per share fully paid as a result of the exercise of options over unissued shares in the Company.

	Exercise price	No. of options
Outstanding at the beginning of the year	0.5 cents	35,000,000
Expired unexercised	0.5 cents	-
Issued	0.5 cents	-
Exercised	0.5 cents	<u>(35,000,000)</u>
Outstanding at the end of the year	0.5 cents	<u><u>-</u></u>

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:

Directors	Meetings of Directors Held *	Meetings of Directors Attended
Dr Yi Yang	5	5
Dr Feng Wu	5	4
Mr Bo Wang	5	5
Mr Bin Cai	5	5

**** 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.

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DIRECTORS' REPORT

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.

Key management personnel covered in this report

The following persons held their position during the whole of the financial period and up to the date of this report, unless otherwise stated

Non-executive and executive directors

Dr Yi Yang

Dr Feng Wu

Mr Bo Wang (*resigned 11 March 2021*)

Mr Yu Zhou (*appointed 11 March 2021*)

Mr Bin Cai

Other Key Management Personnel

Mr Bill Lyne (Company Secretary)

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.

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DIRECTORS' REPORT

14. REMUNERATION REPORT – AUDITED (Cont'd)

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 as at 28 February 2021.

The table below sets out summary information about the Company's earnings and movements in shareholders' wealth for the five years to 28 February 2021:

Description	28 February 2021	29 February 2020	28 February 2019	28 February 2018	28 February 2017
Income	\$310,387	-	-	-	\$2,500
Net profit/(loss) before tax	(\$224,574)	(\$531,667)	(\$599,983)	(\$700,078)	(\$632,001)
Net profit(loss) after tax	(\$224,574)	(\$531,667)	(\$599,983)	(\$700,078)	(\$632,001)
Basic earnings/(loss) per share (cents)	(0.04)	(0.11)	(0.14)	(0.19)	(0.19)
Change in share price (cents)	3.7	0.6	0.2	0.025	(0.035)

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.

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DIRECTORS' REPORT

14. REMUNERATION REPORT – AUDITED (Cont'd)

The key management personnel of Orion Metals Limited and the consolidated entity includes the directors of the parent entity and the Company Secretary Mr Bill Lyne.

2021 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	-	-
Other Key Management Personnel							
B. Lyne (Company Secretary)	30,515	-	-	-	30,515	-	-
Total	240,515	-	-	4,750	245,265	-	-

2020 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			
	\$	\$	\$	\$	\$	%	%
Directors							
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	-	-
Other Key Management Personnel							
B. Lyne (Company Secretary)	29,784	-	-	-	29,784	-	-
Total	239,784	-	-	4,750	244,534		

As at reporting date there was \$709,896 (2020: \$561,895) owing to directors for directors' fees. There were no other transactions with or loans outstanding to key management personnel and their related parties for the year.

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DIRECTORS' REPORT

14. REMUNERATION REPORT – AUDITED (Cont'd)

Shareholdings of key management personnel

	Balance 1 March	Received as Remuneration	Options exercised	Net change other	Balance 28 February
Directors					
Dr Yi Yang	-	-	-	-	-
Dr Feng Wu	-	-	-	-	-
Mr Bo Wang	-	-	-	-	-
Mr Bin Cai	-	-	-	-	-

A related entity of directors Yang and Wu obtained 35,000,000 shares through the exercise of options during the period, and held 400,000,000 shares at the reporting date.

A related entity of Bin Cai held 6,250 shares at the reporting date; there were no changes to this shareholding during the period.

Other Key Management Personnel

B Lyne	-	-	-	-	-
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Option holdings of key management personnel

A related entity of directors Yang and Wu exercised 35,000,000 options during the year and held nil options at reporting date.

There were no other options held by key management personnel or their related entities at any time during the year.

Service Agreements

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

Name:	Yi Yang
Title:	Non-Executive Chairman
Agreement commenced:	22 July 2016
Term of agreement:	Not specified
Details:	The Company has entered into an agreement with Yi Yang. Compensation is based on market-related compensation and there is no agreement by Orion Metals Limited to pay pre-determined compensation. There is also no agreement to pay Yi Yang any pre-determined amounts in the event of termination.
Name:	Feng Wu
Title:	Executive Director (Compliance)
Agreement commenced:	22 July 2016
Term of agreement:	Not specified
Details:	The Company has entered into an agreement with Feng Wu. Compensation is based on market-related compensation and there is no agreement by Orion Metals Limited to pay pre-determined compensation. There is also no agreement to pay Feng Wu any pre-determined amounts in the event of termination.

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14. REMUNERATION REPORT – AUDITED (Cont'd)

Name: Bo Wang
Title: Non-Executive Director
Agreement commenced: 22 July 2016; resigned 11 March 2021
Term of agreement: Not specified
Details: The Company has entered into an agreement with Bo Wang. Compensation is based on market-related compensation and there is no agreement by Orion Metals Limited to pay pre-determined compensation There is also no agreement to pay Bo Wang any pre-determined amounts in the event of termination

Name: Bin Cai
Title: Executive Director and CFO
Agreement commenced: 25 July 2012
Term of agreement: Not specified
Details: The company has entered into an agreement with Bin Cai to provide services on a fixed salary basis. There is no agreement by Orion Metals Limited to pay predetermined amounts in the event of termination other than statutory entitlements of long service leave and annual leave. No notice period has been specified.

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. (2020: nil) There were no cash bonuses or share based payment options granted during the year (2020: nil).

END OF REMUNERATION REPORT

15. NON-AUDIT SERVICES

**ORION METALS LIMITED
ACN 096 142 737**

DIRECTORS' REPORT

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 had insured all of the Directors and Officers (D&O) of Orion Metals Limited. The contract of insurance prohibited 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. However, since the previous D&O insurance expired in August 2020 the Company has not been able to obtain continuance or replacement of the D&O cover and the Directors continue to try and effect such cover.

The Company has not indemnified or insured its auditor.

17. 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.

18. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 28 February 2021 has been received and forms part of this directors' report and can be found on page 14.

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

Signed:



BIN CAI
Director

19 May 2021

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AUDITOR'S INDEPENDENCE DECLARATION



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

As lead auditor of Orion Metals Limited for the year ended 28 February 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 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 'C K Henry', written in a cursive style.

C K Henry
Director

BDO Audit Pty Ltd

Brisbane, 19 May 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Note	2021	2020
		\$	\$
Other income	5	310,384	-
Other expenses	6	(141,664)	(108,092)
Personnel expenses	6	(340,346)	(339,021)
Exploration and evaluation expense		(52,951)	(84,723)
Loss from operating activities		(224,577)	(531,836)
Finance income	5	3	169
Finance costs		-	-
Net finance income		3	169
Profit/(loss) before income tax		(224,574)	(531,667)
Income tax	7	-	-
Profit/(loss) after income tax		(224,574)	(531,667)
Other comprehensive income		-	-
Total comprehensive income		(224,574)	(531,667)
Profit/(loss) attributable to: the owners of the company		(224,574)	(531,667)
Total comprehensive income attributable to: the owners of the company		(224,574)	(531,667)
Basic earnings/(loss) per share (cents per share)	13	(0.04)	(0.11)
Diluted earnings/(loss) per share (cents per share)	13	(0.04)	(0.11)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021

	Note	2021 \$	2020 \$
Current Assets			
Cash and cash equivalents	8	70,488	55,376
Other assets	9	18,875	13,009
Total Current Assets		89,363	68,385
TOTAL ASSETS		89,363	68,385
Current Liabilities			
Trade and other payables	10	826,281	771,681
Employee benefits		95,311	79,359
Total Current Liabilities		921,592	851,040
TOTAL LIABILITIES		921,592	851,040
Net liabilities		(832,229)	(782,655)
Deficit			
Issued capital	11	15,547,717	15,372,717
Reserves	12	467,838	467,838
Accumulated losses		(16,847,784)	(16,623,210)
Total deficit		(832,229)	(782,655)

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 2021

	Issued Capital \$	Options reserve \$	Accumulated losses \$	Totals \$
Balance at 1 March 2019	15,212,717	467,838	(16,091,543)	(410,988)
Profit /(Loss) after income tax	-	-	(531,667)	(531,667)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(531,667)	(531,667)
Transactions with owners in their capacity as owners				
Shares issued during the year	160,000	-	-	160,000
Share issue costs	-	-	-	-
Balance at 29 February 2020	15,372,717	467,838	(16,623,210)	(782,655)
Balance at 1 March 2020	15,372,717	467,838	(16,623,210)	(782,655)
Profit /(Loss) after income tax	-	-	(224,574)	(224,574)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(224,574)	(224,574)
Transactions with owners in their capacity as owners				
Shares issued during the year	175,000	-	-	175,000
Balance at 28 February 2021	15,547,717	467,838	(16,847,784)	(832,229)

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

ORION METALS LIMITED
ACN 096 142 737

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Note	2021 \$	2020 \$
Cash Flows From Operating Activities			
Receipts from government subsidies		20,384	-
Receipts from GST		15,055	18,715
Payments to suppliers and employees		(322,262)	(299,146)
Exploration and evaluation expense		(58,068)	(119,055)
Interest received		3	169
Proceeds from sale of RRI's 65% interest in Tanami West Project		120,000	130,000
Net Cash Provided By/ (Used In) Operating Activities	18	(224,888)	(-269,317)
Cash Flows From Financing Activities			
Proceeds from issues of equity securities		175,000	160,000
Proceeds from related party		65,000	-
Net Cash Provided By/ (Used In) Financing Activities		240,000	160,000
Cash Flows From Investing Activities			
Net Cash Provided By/ (Used In) Investing Activities		-	-
Net Increase/(Decrease) In Cash and Cash Equivalents		15,112	(109,317)
Cash and Cash Equivalents opening balance		55,376	164,693
Cash and Cash Equivalents closing balance	8	70,488	55,376

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 2021

1 REPORTING ENTITY

The financial statements of Orion Metals Limited for the year ended 28 February 2021 were authorised for issue in accordance with a resolution of the directors on 19 May 2021 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.

C. Use of estimates and judgements

The preparation of financial statements in conformity with AASBs 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. There have been no critical estimates and judgements in applying accounting policies during the period that had a significant effect on the amounts recognised in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

2 BASIS OF PREPARATION (Cont'd)

Going concern

As at 28 February 2021 the Group had cash reserves of \$70,488. The Group has incurred a net loss after tax for the year ended 28 February 2021 of \$224,574 after exploration and evaluation expense of \$52,951. The net cash outflow from operations for the year was \$224,888. At 28 February 2021, the Group's current liabilities exceeded its current assets by \$832,229. This includes \$709,896 owing to directors. The Company raised \$175,000 during the year from the exercise of 35,000,000 options at \$0.005 by Excellence Holdings HK Ltd (EH). As at 28 February 2021 all options have been exercised.

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.

The directors believe that the going concern basis of preparation is appropriate due to the following factors:

- The parent company, Excellence Holdings HK Ltd, has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements.
- Subsequent to year end, Orion entered into an exclusive binding Terms Sheet with Winfield Minerals Pty Ltd (Winfield) in respect of the sale and purchase of the 4 mining leases comprising the Top Camp Project for \$500,000 purchase price - refer to note 22.
- \$709,896 of the payable balances relate to outstanding amounts owing to directors. The directors have pledged to not call upon directors fees owed for the next 12 months or until such time that the company has sufficient funds to pay the directors fees.

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.

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 2021 ("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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

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 reporting date.

Deferred tax is accounted for 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. 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.

D. Impairment of Financial Assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. 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.

F. 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 instruments that eventually vest.

G. 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.

H. Other Income

Interest revenue is recognised using the effective interest rates applicable to the financial assets.

Government subsidies are recognised where there is reasonable assurance that the entity will comply with the conditions attached to the grant and the grant will be received.

I. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Earnings per share

The Consolidated Entity presents basic and diluted earnings per share (EPS) 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.

K. New, revised or amending Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 28 February 2021. The adoption of these new or amended Accounting Standards and Interpretations will not have significant impact to the financial statements.

L. New, revised or amending Accounting Standards and Interpretations adopted during the year

The accounting policies adopted are consistent with those of the previous financial year. Other amendments and interpretations applied for the first time during the year, however these changes did not have an impact on the financial statements of the consolidated entity.

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.

	Consolidated Entity 2021	Consolidated Entity 2020
	\$	\$
5 OTHER INCOME		
Sale of Exploration Project	290,000	-
Government Grants- COVID subsidies	20,384	
Finance income	3	169
	310,387	169

The Sale of Exploration Project is in relation to tenements of Tanami West Project. The carrying amount of the exploration rights were impaired in full in prior years. The consideration of \$290,000 has been received. The proceeds represent a gain on sale of asset to the company.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

6 EXPENSES

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

Other expenses

Audit and accountancy fees	57,108	37,080
Legal fees	14,900	5,521
Share registry expenses and listing fees	46,388	33,178
Insurance	4,632	10,664
Travel and accommodation	-	1,035
Other miscellaneous costs	18,636	20,614
	<u>141,664</u>	<u>108,092</u>

Personnel expenses:

Salaries and on-costs	128,281	123,169
Superannuation expense	10,450	10,873
Directors fees and consultancy fees	201,615	204,979
	<u>340,346</u>	<u>339,021</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Consolidated Entity 2021 \$	Consolidated Entity 2020 \$
7 INCOME TAX		
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	(224,574)	(531,836)
The prima facie income tax benefit on loss before income tax at a tax rate of 26% (2020: 27.5%)	58,389	152,242
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not recognised on current year loss	(58,389)	(152,242)
Total income tax benefit	-	-
<i>Net unrecognised deferred tax assets</i>		
Net Deductible temporary differences	(280,263)	(340,063)
Unused tax losses	5,312,201	5,755,418
Net unrecognised deferred tax asset	5,031,938	5,415,355
<i>Gross amounts of items in net unrecognised deferred tax assets</i>		
Net Deductible temporary differences	86,058	86,058
Unused tax losses	19,884,659	19,606,142
Total unrecognised deferred tax assets	19,970,717	19,692,200
<p>The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.</p> <p>The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain. The consolidated entity has no franking credits.</p>		
8 CASH AND CASH EQUIVALENTS AND OTHER FINANCIAL ASSETS		
Cash at bank	70,488	55,376

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Consolidated Entity 2021 \$	Consolidated Entity 2020 \$
9 OTHER ASSETS		
Current		
Deposits	2,578	2,578
Prepayments	16,297	10,431
	18,875	13,009
 10 TRADE AND OTHER PAYABLES		
Directors' fees payable	709,896	561,896
Related party payables	65,000	
Other	51,385	209,785
	826,281	771,681
 11 ISSUED CAPITAL		
545,097,443 (2020: 510,097,443) fully paid ordinary shares	15,784,719	15,609,719
Transaction costs relating to share issues (net of tax)	(237,002)	(237,002)
	15,547,717	15,372,717

	Consolidated entity 2021		Consolidated entity 2020	
	#	\$	#	\$
Ordinary shares				
Balance at the beginning of the year	510,097,443	15,372,717	478,097,443	15,212,717
Share issues at \$0.005	35,000,000	175,000	32,000,000	160,000
Share issue costs	-	-	-	-
Balance at the end of the year	545,097,443	15,547,717	510,097,443	15,372,717

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

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 2021.

The Consolidated Entity is not subject to externally imposed capital requirements.

12 RESERVES

	Consolidated Entity 2021 \$	Consolidated Entity 2020 \$
Options reserve		
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

13 EARNINGS PER SHARE

	2021 (Number)	2020 (Number)
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	523,282,922	488,337,880
	2021 \$	2020 \$
Net loss after tax used in calculating basic earnings per share	224,574	531,667
Net loss after tax used in calculating diluted earnings per share	224,574	531,667

14 CONTROLLED ENTITIES

Investments in controlled entities

	Country of incorporation	Ownership 2021(%)	Ownership 2020(%)	Class of shares
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 2021

	Consolidated Entity 2021	Consolidated Entity 2020
	\$	\$
15 COMMITMENTS FOR EXPENDITURE		
<p>The Company has certain obligations to expend minimum amounts on exploration in tenement areas (plus associated tenement rentals). These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Company.</p> <p>Commitments for maintaining exploration tenements payable</p> <p>Exploration Commitments</p> <ul style="list-style-type: none"> - Not longer than 1 year - - - Longer than 1 year but not longer than 5 years - - - Longer than 5 years - - <p>Tenement rentals</p> <ul style="list-style-type: none"> - Not longer than 1 year 25,926 25,843 - Longer than 1 year but not longer than 5 years 37,519 60,349 - Longer than 5 years - - 		
	\$63,445	\$86,192

16 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Consolidated entity 2021	Consolidated entity 2020
	\$	\$
17 RELATED PARTIES		
Key management personnel compensation		
Short term employee benefits	240,515	239,784
Post-employment benefits	4,750	4,750
	245,265	244,534

Amounts owing to related parties

As at 28 February 2021, \$701,896 of trade and other payables related to unpaid fees owed to directors and \$1,910 owed to related parties.

As at 28 February 2021, \$65,000 is payable to major shareholder Excellence Holding HK Limited. The loan is at zero interest rate, unsecured and for no fixed term.

Substantial shareholder transactions

35,000,000 shares were issued to substantial shareholder Excellence Holdings HK Limited during the year (EH) upon the exercise of 35,000,000 options at \$0.005 each. As at reporting date EH held 400,000,000 shares (2020: 365,000,000) in the Company and nil options (2020: 35,000,000).

18 CASH FLOW INFORMATION

	Consolidated Entity 2021	Consolidated Entity 2020
	\$	\$
<i>Reconciliation of cash flow from operations with profit / (loss) after tax</i>		
Profit / (loss) after tax	(224,574)	(531,667)
Non-cash flows:		
Changes in operating assets and liabilities		
Decrease in receivables	-	4,135
Decrease/(increase) in other assets	(5,865)	(6,034)
(Decrease)/increase in creditors and payables	(10,400)	254,682
(Decrease)/Increase in employee entitlements	15,951	9,567
Net cash used in operating activities	(224,888)	(269,317)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

19 FINANCIAL INSTRUMENTS

Significant accounting policies

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

Financial risk management objectives

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

Market risk

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

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

(i) Interest risk management

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

Interest rate sensitivity

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

Sensitivity

	Consolidated Entity	Consolidated Entity
	2021	2020
Cash and cash equivalents and other financial assets		
Effect on profit or loss before taxes	\$	\$
Increase 0.25%		
Decrease 0.25%		
	70,488	55,376
 <i>(ii) Price risk management</i>		
The Consolidated Entity did not hold any listed equity securities at reporting date.	176	138
	(176)	(138)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

19 FINANCIAL INSTRUMENTS (Cont'd)

Liquidity risk management

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

At 28 February 2021 and 29 February 2020, the only financial liabilities of the Consolidated Entity were trade payables and accruals. All trade payables and accruals have a contractual maturity of 6 months or less.

Credit risk management

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

20 AUDITORS REMUNERATION

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

	Consolidated Entity 2021 \$	Consolidated Entity 2020 \$
	47,028	30,080
	47,028	30,080

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

21 OPTIONS

35,000,000 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.

Consolidated Entity

	2021		2020	
	No. of options	Weighted average exercise price (cents)	No. of options	Weighted average exercise price (cents)
Outstanding at beginning of year	35,000,000	0.5	67,000,000	0.5
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(35,000,000)	0.5	(32,000,000)	0.5
Outstanding at year-end	-	0.5	35,000,000	0.5
Exercisable at year-end	-	0.5	35,000,000	0.5

22 SUBSEQUENT EVENTS

On 5 March 2021 Orion entered into an exclusive binding Terms Sheet with Winfield Minerals Pty Ltd (Winfield) in respect of the sale and purchase of the 4 mining leases comprising the Top Camp Project for \$500,000 purchase price plus consideration to cover relevant costs incurred or committed and also an amount being the value of various securities provided by the Company to, and currently held by, the Queensland Department of Resources (QDoR) in respect of the Tenements.

Completion of the sale of the Tenements is conditional on satisfaction or waiver of the following conditions precedent:

- Indicative approval of the QDoR to the transfer of the Tenements
- Satisfactory due diligence by Winfield
- Approval of the shareholders of Orion to the sale of the Tenements

The Tenements constitute the remaining undertaking of the Company so sale of the Tenements will require shareholder approval pursuant to the ASX Listing Rules. The Company intends to dispatch notice of an Extraordinary General Meeting to approve the disposal of the Tenements as soon as practicable.

Directors consider that the sale of the Top Camp Project is in the best interests of the Company and will allow the Company to concentrate on acquiring alternative assets to further increase value for the benefit of all shareholders.

On 11 March 2021 Non-Executive Director Mr Bo Wang resigned due to other commitments and to pursue other activities and Mr Yu Zhou has been appointed as his replacement.

Other than the foregoing, no other matter or circumstance has arisen since 28 February 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future years.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

23 PARENT ENTITY DISCLOSURES

	2021	2020
	\$	\$
Result of parent entity		
Profit/loss for the year	(238,575)	(263,089)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income	(238,575)	(263,089)
 Financial position of parent entity at year end		
Current Assets	482,151	243,258
Total assets	482,151	243,258
 Current Liabilities	 943,933	 631,465
Total liabilities	943,933	631,465
 Net Assets	(461,782)	(388,207)
Total equity of the parent entity comprising :		
Issued capital	15,537,717	15,372,717
Reserves	467,838	467,838
Accumulated losses	(16,467,337)	(16,228,762)
Total equity	(461,782)	(388,207)

The Company's contingencies and commitments comprise tenement rentals and commitments for maintaining exploration tenements. The total commitments as at 28 February 2021 are \$276,205 (2020: \$204,816).

The Company has not entered into any guarantees.

24 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 2021 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 19th day of May 2021

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 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 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 2021 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 (including Independence Standards)* (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 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 in the Group's annual report for the year ended 28 February 2021, but does not include the financial report and the auditor's report thereon.

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 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, 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.

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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 12 of the directors' report for the year ended 28 February 2021.

In our opinion, the Remuneration Report of Orion Metals Limited, for the year ended February 2021, 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

A handwritten signature in black ink, appearing to read 'C K Henry', is written over a faint, stylized 'BDO' logo.

C K Henry
Director

Brisbane, 19 May 2021