



ORION METALS LIMITED (ASX: ORM)

ACTIVITIES REPORT FOR QUARTER ENDING 31 May 2021

EXPLORATION ACTIVITIES

No on-ground exploration activities were conducted at the Top Camp Project during the reporting period, being Orion’s only remaining exploration project.

On 5 March 2021, Orion Metals entered into an exclusive binding Terms Sheet with Winfield Minerals Pty Ltd (“Winfield”) – subsequently replaced by Mayfair Corporations Group Pty Ltd (“Mayfair”) – in respect of the sale and purchase of the 4 mining leases comprising the Top Camp Project for a total of \$500,000.

Winfield completed a due diligence on the 4 Top Camp mining leases during the period. A formal Agreement for the sale and purchase of the Top Camp Project leases is being drafted to replace the Terms Sheet.

Consideration of the sale of the Top Camp tenements will be put to shareholders at the Company’s forthcoming Annual General Meeting (“AGM”), now scheduled to be held on 14 July 2021.

PROJECT LOCATION MAP



Project Update

TOP CAMP PROJECT

GOLD COPPER PROJECT

40 km south of Cloncurry, North Queensland

ML 2764, ML 2785, ML 2786, ML 2792.

The Top Camp mining leases are all 100% Orion Metals Limited owned. No on-ground exploration was conducted during this period.

ORM considers there is an opportunity for an alluvial gold operation at Top Camp. The Project is considered prospective for IOCG (iron oxide copper gold) type deposits in addition to the alluvial gold potential.

Orion Metals entered into an exclusive binding Terms Sheet with Winfield on 5 March 2021, in respect of the sale and purchase of the 4 mining leases comprising the Top Camp Project for \$500,000 purchase price.

A renewal application for ML 2786 for a further 5 years lodged with the Queensland Department of Resources (“QDoR”) during a previous reporting period is progressing.

Renewal applications for ML 2785 and ML 2792 for periods of 4 years were lodged with the QDoR on 31 May 2021. The four years proposed will align the future expiry dates of the two leases with that of ML 2786.

Winfield completed due diligence and satisfied Clause 3 (2) of the Terms Sheet in respect of the sale and purchase of the Top Camp Project during the reporting period.

Winfield has requested, and the Company has agreed, to the following changes to the terms of the sale and purchase, which will be incorporated into the formal Agreement being drafted to replace the Terms Sheet.

1. **Purchaser:** Mayfair, which is a private resource and infrastructure company located in Brisbane, Australia, managed by the principals of Winfield. Mayfair invests in base and precious metals, rare earth and hydrogen, with projects from early to advanced stage exploration and operating mines.
2. **Revised purchase price:** \$500,000, with Orion now responsible for the \$36,564.02 relating to council rates and Mayfair will not be required to reimburse Orion for the \$17,500 relating to the securities held by the QDoR.

In respect of the other conditions precedent in clause 3 of the Terms Sheet, indicative approval to the transfer of the Tenements has not as yet been received from the QDoR, and consideration of the sale of the Tenements will be put to shareholders at the Company’s forthcoming AGM.

TENEMENT SCHEDULE

| ORM TENEMENT LIST at 31 May 2021 | | | | | | |
|--|------------------|-------------------|-------------------------|--------------|-------------|-----------------|
| Tenement ID | Location | Registered Holder | Status | Granted Date | Expiry Date | Area (Hectares) |
| TOP CAMP PROJECT - QLD | | | | | | |
| ML 2764 | SSW of Cloncurry | ORM 100% | Granted | 19/01/1989 | 31/01/2025 | 103 |
| ML 2785 | SSW of Cloncurry | ORM 100% | Granted, Renewal lodged | 6/02/1992 | 28/02/2022 | 129.2 |
| ML 2786 | SSW of Cloncurry | ORM 100% | Granted, Renewal lodged | 15/02/1990 | 28/02/2021 | 70 |
| ML 2792 | SSW of Cloncurry | ORM 100% | Granted, Renewal lodged | 6/02/1992 | 28/02/2022 | 103.5 |
| | | | | | | |
| <p><i>*Orion Metals has entered into an exclusive binding Terms Sheet with Winfield Minerals Pty Ltd on 5th March 2021 in respect of the sale and purchase of the 4 mining leases comprising the Top Camp Project.</i></p> | | | | | | |

Competent Person Declaration. *The information in this report that relates to Exploration Results is based on information compiled by Mr Robin Wilson, a part-time consultant to Orion Metals Limited, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Wilson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

CORPORATE

Company Update

Orion's Annual General Meeting will be held on 14 July 2021 at which a number of resolutions are proposed for shareholder consideration, including the sale of the Top Camp Project. The other resolutions cover:

- Remuneration Report
- Re-election by rotation of Director, Feng Wu
- Election of new Director, Yu Zhou
- Performance Rights Plan

Completion of the Top Camp sale is, at this stage, planned for 21 July 2021 or any other date(s) agreed by the parties in writing and announced from time to time by or on behalf of the Company.

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

Financial

The Company's Quarterly Cash Flow Report (Appendix 5B) details funds flow for the most recent reporting period and cash on hand at period-end. Loans from EHHK now total \$65,000. These loans are at zero interest rate, unsecured and for no fixed term.

Payments to related parties of the entity and their associates during the period aggregated \$13,000 and were for an executive Director's salary and statutory superannuation.

Funds will be supplemented over coming periods from receipt of the Top Camp Project tenements sale (\$500,000) and further loan funds from EHHK if necessary. EHHK annually provides the Company with a letter of financial support should the need for further funding arise.

CORPORATE DIRECTORY

ORION METALS LIMITED

ASX Code: ORM

ABN: 89 096 142 737

Issued Capital as at 31 May 2021

545,097,443 shares issued & listed
371 shareholders

Top 20 shareholders

Hold 99.08% of listed shares

Largest shareholders

Excellence Holdings HK Limited 73.38%
Conglin Group / Mr Conglin Yue 19.35%
Jien Mining Pty Ltd 4.23%

Board

Mr Yi Yang – Chairman

Mr Yu Zhou – Director

Mr Feng Wu – Executive Director

Mr Bin Cai – Executive Director & CFO

Company Secretary

Mr Bill Lyne

Contact Details

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Quarterly Activities Report is authorised by the Board of Directors of Orion Metals Limited

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ORION METALS LIMITED

ABN

89 096 142 737

Quarter ended ("current quarter")

31 MAY 2021

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 7 | 7 |
| 1.2 Payments for | | |
| (a) exploration & evaluation (if expensed) | (4) | (4) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (30) | (30) |
| (e) administration and corporate costs | (34) | (34) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (61) | (61) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) tenements | - | - |
| (c) property, plant and equipment | - | - |
| (d) exploration & evaluation (if capitalised) | - | - |
| (e) investments | - | - |
| (f) other non-current assets | - | - |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | - |

| | | | |
|-------------|---|---|---|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | - |

| | | | |
|-----------|--|------|------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 70 | 70 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (61) | (61) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 0 | 0 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 0 | 0 |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|---|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 9 | 9 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 9 | 70 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 9 | 70 |

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

| Current quarter \$A'000 |
|------------------------------------|
| 13 |
| |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report


| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | 65 | 65 |
| 7.4 Total financing facilities | 65 | 65 |
| 7.5 Unused financing facilities available at quarter end | | - |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| Loans from Excellence Holdings HK Ltd now aggregate a total of \$65k. The loans are at zero interest rate, unsecured and of no fixed term. | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (140) |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d)) | |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2) | (140) |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6) | 9 |
| 8.5 Unused finance facilities available at quarter end (Item 7.5) | |
| 8.6 Total available funding (Item 8.4 + Item 8.5) | |
| 8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 0.06 |
| 8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: Yes | |
| 2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| Answer: Yes, as noted above in item 7 and commented on in the Quarterly Report | |
| 3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| Answer: Yes, utilising cash expected and to be available over coming months | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 June 2021

Authorised by: 
(Bin Cai/ Director)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.