

**ORION METALS LIMITED**

ACN 096 142 737

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 AUGUST 2015**

## Orion Metals Limited

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## Corporate information

Directors	Conglin Yue (Chairman/CEO) Bin Cai (Executive Director/CFO) Yanchun Wang (Non-Executive Director) Dr Michelle Li (Non-Executive Director)
Company secretary	Bill Lyne
Registered office	35 Hamish St Calamvale QLD 4116
Share registry	Link Market Services Limited Level 15 324 Queen 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 address	<a href="http://www.orionmetals.com.au">www.orionmetals.com.au</a>

# Orion Metals Limited

## Directors' report

The Directors of Orion Metals Limited ('Orion' or 'the Company') submit herewith the interim financial report of the Company for the half-year ended 31 August 2015.

### 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:

Conglin Yue (Chairman/Chief Executive Officer)  
Bin Cai (Executive Director/Chief Financial Officer)  
Yanchun Wang (Non-Executive Director)  
Dr Michelle Li (Non-Executive Director)

### 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 \$303,601 for the half-year ended 31 August 2015 (31 August 2014: \$995,638). There were impairment losses of \$46,654 during the period (2014: \$661,622).

There was some rationalisation of the Company's portfolio of tenements, with two Tanami West tenements being relinquished and the partial surrender of some Mt Surprise tenements.

*Key exploration activities for the period included:*

#### ***Tanami West Project – Rare Earth Element (REE) and gold project***

Two tenements were relinquished and exploration field work continues to be on hold pending the resolution of land access issues with the local traditional ownership group, the Tjurabalan People. All Orion's tenement responsibilities are compliant.

Four tenements remain under application awaiting grant.

#### ***Mt Surprise - REE, tin and tungsten project***

No field work was conducted during the period.

A review was conducted of the prospectivity versus costs of these tenements and a number of sub-blocks were relinquished. The remaining sub-blocks are prospective for REE, tin and tungsten.

#### ***Mt Ramsay Project - REE project***

No field work was conducted during the period due to budgetary constraints.

This project is still a high priority exploration area for REE, specialty metals and copper and gold.

#### ***Top Camp - Gold & copper project***

No field work was conducted during the period due to budgetary constraints. The Company is conducting ongoing desktop studies to evaluate alluvial gold opportunities.

A number of renewal applications have been lodged with the Queensland Department of Natural Resources and Mines.

# Orion Metals Limited

## Directors' report (Continued)

### Review of operations (Continued)

#### *Corporate*

There were no significant changes to the Company's corporate activities during the period.

No shares were issued during the period. The Company continues to limit its exploration activities in the current business climate and is presently considering a number of funding options to continue its operations.

#### **Subsequent events**

Other than as disclosed in this report, no other 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.

#### **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, 5 November 2015

## DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF ORION METALS LIMITED

As lead auditor for the review of Orion Metals Limited for the half-year ended 31 August 2015, 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 J Whyte  
Director

**BDO Audit Pty Ltd**

Brisbane, 5 November 2015

# Orion Metals Limited

## Consolidated statement of financial position As at 31 August 2015

	\$ 31 August 2015	\$ 28 February 2015
<b>Current assets</b>		
Cash and cash equivalents	384,637	858,708
Trade and other receivables	6,016	24,460
Other current assets	13,850	7,964
<b>Total current assets</b>	<b>404,503</b>	<b>891,132</b>
<b>Non-current assets</b>		
Exploration and evaluation assets	1,863,587	1,714,941
Property, plant and equipment	4,681	6,070
<b>Total non-current assets</b>	<b>1,868,268</b>	<b>1,721,011</b>
<b>Total assets</b>	<b>2,272,771</b>	<b>2,612,143</b>
<b>Current liabilities</b>		
Trade and other payables	154,185	202,196
Employee benefits	41,034	28,794
<b>Total current liabilities</b>	<b>195,219</b>	<b>230,990</b>
<b>Total liabilities</b>	<b>195,219</b>	<b>230,990</b>
<b>Net assets</b>	<b>2,077,552</b>	<b>2,381,153</b>
<b>Equity</b>		
Issued capital	4 13,568,283	13,568,283
Options reserve	467,838	467,838
Accumulated losses	(11,958,569)	(11,654,968)
<b>Total equity</b>	<b>2,077,552</b>	<b>2,381,153</b>

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

# Orion Metals Limited

## Consolidated statement of comprehensive income

For the half-year ended 31 August 2015

Notes	\$ 2015	\$ 2014
Other income	-	-
Consultant and contractor expense	(38,622)	(53,342)
Depreciation expense	(1,389)	(1,165)
Salaries & wage expenses	(89,792)	(135,435)
Other administrative expenses	(131,927)	(159,917)
Exploration and evaluation assets written off	(46,654)	(661,622)
<b>Results from operating activities</b>	<b>(308,384)</b>	<b>(1,011,481)</b>
Finance income	4,783	15,843
Finance costs	-	-
Net finance income/(costs)	4,783	15,843
Profit/(Loss) before income tax	(303,601)	(995,638)
Income tax expense	-	-
<b>Profit/(loss) after income tax</b>	<b>(303,601)</b>	<b>(995,638)</b>
<b>Other comprehensive income</b>		
Other comprehensive income, net of income tax	-	-
<b>Total comprehensive income for the period</b>	<b>(303,601)</b>	<b>(995,638)</b>
<b>Loss attributable to:</b>		
Owners of the Company	(303,601)	(995,638)
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	(303,601)	(995,638)
<b>Earnings per share</b>		
Basic earnings per share	\$(0.0021)	\$(0.0108)
Diluted earnings per share	\$(0.0021)	\$(0.0108)

The above consolidated statement of 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 2015

	Issued capital \$	Options reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 March 2015</b>	<b>13,568,283</b>	<b>467,838</b>	<b>(11,654,968)</b>	<b>2,381,153</b>
Net loss	-	-	(303,601)	(303,601)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(303,601)</b>	<b>(303,601)</b>
<b>Transactions with owners, recorded directly in equity</b>				
Shares issued during the half-year	-	-	-	-
<b>Balance at 31 August 2015</b>	<b>13,568,283</b>	<b>467,838</b>	<b>(11,958,969)</b>	<b>2,077,552</b>
<b>Balance at 1 March 2014</b>	<b>12,583,010</b>	<b>467,838</b>	<b>(10,009,197)</b>	<b>3,041,651</b>
Net loss	-	-	(995,638)	(995,638)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(995,638)</b>	<b>(995,638)</b>
<b>Transactions with owners, recorded directly in equity</b>				
Shares issued during the half-year	-	-	-	-
<b>Balance at 31 August 2014</b>	<b>12,583,010</b>	<b>467,838</b>	<b>(11,004,835)</b>	<b>(2,046,013)</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 2015

	2015 \$	2014 \$
<b>Cash flows from operating activities</b>		
R&D tax refund	-	150,007
Receipts from customers & GST	35,938	45,353
Payments to suppliers and employees	(350,837)	(344,204)
Interest received	4,783	20,953
Net cash used in operating activities	<u>(310,116)</u>	<u>(127,891)</u>
<b>Cash flows from investing activities</b>		
Payments for investments	-	-
Payments for plant and equipment	-	(4,080)
Payments for exploration and evaluation assets	(163,955)	(554,242)
Net cash used in investing activities	<u>(163,955)</u>	<u>(558,322)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	-	-
Share issue costs	-	-
Proceeds from borrowings	-	-
Net cash provided by/(used) by financing activities	<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(474,071)</b>	<b>(686,213)</b>
<b>Cash and cash equivalents at the beginning of the half-year</b>	<b>858,708</b>	<b>1,207,445</b>
<b>Cash and cash equivalents at the end of the half-year</b>	<b><u>384,637</u></b>	<b><u>521,232</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 2015

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# Orion Metals Limited

## Notes to interim financial report for the half-year ended 31 August 2015

### 1 Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 August 2015 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 2015 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 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.

# Orion Metals Limited

## Notes to interim financial report for the half-year ended 31 August 2015

### 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 Group has incurred a net loss after tax for the half-year ended 31 August 2015 of \$303,601, including a write off of exploration and evaluation assets of \$46,654, and a net cash outflow from operations of \$310,116. At 31 August, the Group's current assets exceeded its current liabilities by \$209,284.

The Group plans to raise additional capital during 2015-16 and has received a Letter of Financial Support from its major shareholder.

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.

### 4 Contributed equity

	31 August 2015	28 February 2015
	\$	\$
145,097,443 (28 February 2015: 145,097,443) fully paid ordinary shares	<u>13,568,283</u>	<u>13,568,283</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 accounts for the possibility of a native title claim application.

The consolidated entity is liable to pay royalties of 1% of gross sales proceeds from the Killi Killi Hills project, capped at \$100,000. As this project is still in the early stages of exploration it is premature to determine whether a royalty will be payable within the next seven years.

Otherwise the Directors are not aware of any contingent liabilities or contingent assets that are likely to have a material effect on the results of the consolidated entity as disclosed in these financial statements.

### 6 Events subsequent to the end of the reporting period

There have been no other significant events subsequent to the end of the reporting 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 2015 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, 5 November 2015

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Orion Metals Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Orion Metals Limited, which comprises the consolidated statement of financial position as at 31 August 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 August 2015 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*. As the auditor of Orion Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Orion Metals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Orion Metals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 August 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

## Emphasis of matter

Without modifying our conclusion, we draw attention to Note 3 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

**BDO Audit Pty Ltd**



**A J Whyte**  
**Director**

Brisbane, 5 November 2015