



ORION METALS LIMITED

ANNUAL REPORT 2016

ORION METALS LIMITED

ACN 096 142 737

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CORPORATE DIRECTORY

ORION METALS LIMITED

ABN: 89 096 142 737

ASX Code: ORM

Board of Directors

Mr Conglin Yue – Executive Chairman & CEO

Ms Yanchun Wang – Non-executive Director

Mr Bin Cai – Executive Director & CFO

Company Secretary

Mr Bill Lyne

Exploration Manager

Mr Peter Brookes

Registered & Administrative Office

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Orion Metals Limited (ASX: ORM) continued with exploration activities in line with an exploration strategy which continues to generate Company value on a tightly constrained exploration budget.

The broad based mining industry economic downturn negatively impacted Orion Metals capacity to source shareholder or external funding options during 2015-16. Consequently, there were no significant field operations conducted for the 12 month period, though Orion Metals continued to advance stakeholder approvals in both Top Camp and Tanami West Project areas.

Despite very limited budgets, Orion Metals was able to maintain its tenure in good standing, and see growth in its Tanami West Project with a successful National Native Title Tribunal (NNTT) outcome. Four exploration licences under application with the State Government of WA were subject to an objection to granting through expedited procedure by the Tjurabalan Native Title Lands Aboriginal Corporation. The NNTT determined the grant of these four leases are acts attracting the expedited procedure. The exploration licences have now been formally granted.

The granting of these new, prized tenements in the Tanami West Project are an important step to commencement of on-ground exploration activities towards the identification of economic mineralisation in this highly fertile, Rare earth Elements (REE) and gold region.

ORM remains well positioned to maintain and explore its tenure, which is a high quality strategic metals, rare earth and gold prospective package.

ORM PROJECTS BRIEF

There are four current Project areas in Australia within which ORM are exploring for REE, gold, and base metals (refer Figure 1: Project Location Map, and Table 1: Tenement Table).

1. *Tanami West Project:*
This is a REE and gold exploration Project located in the Tanami region of NE Western Australia. It consists of 7 granted tenements. The granted tenements are held by Rich Resources Investments Pty Ltd, a 100% owned subsidiary of ORM.
2. *Top Camp Project:*
Located 40km south west of Cloncurry in Queensland, the Project consists of 4 granted mining leases. All the leases are 100% ORM held. The Project is modelled on an IOCG type environment, and is prospective for copper, gold, and base metals. Additionally, it has alluvial gold potential.
3. *Mt Surprise Project:*
Consisting of tenure located in the Mareeba District, NE Queensland, the Project is prospective for REE, tin, tungsten, gold and base metals. It consists of 3 granted tenements, approx. 100² km in area.
4. *Mt Ramsay Project:*
This new Project, since September 2014, is located within the Rockhampton Mining District, 190km west of the port city of Gladstone, Queensland. Mt Ramsay comprises of single tenement EPM 25677, and is highly prospective for REE.

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Figure 1: Project Location Map



ORM TENURE UPDATE

Further cost reductions were required of the Mt Surprise Project, Tanami West Project had 4 tenements granted, while all other Projects remained unchanged for the 12 month period to February 2016. A summary of tenement changes, actions, and modifications are as follows:

1. Additional to the reported partial surrenders within tenements EPM 18331 (23 sub-blocks dropped) and EPM 18449 (15 sub-blocks dropped), 50 sub-blocks were dropped from EPM 18850 during April 2015. Remaining in EPM18850, are the most prospective 50 sub-blocks of the original large tenement.
2. Tanami West Project has had four tenements (E80/4869, E80/4919, E80/4920, and E80/4921), granted through expedited procedure following a determination by the NNTT.

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3. Two mining leases (ML 2764, and ML 2786), within the Top Camp Project are awaiting renewal following lodgment of applications with the DNRM.

Table 1: ORM Tenement Schedule

ORM TENEMENT LIST at 23rd May 2016						
Tenement ID	Location	Registered Holder	Status	Granted Date	Expiry Date	Area (Sub-blocks)
TANAMI WEST PROJECT						
E80/4029	Tanami Region, WA	RRI* 100%	Granted	16/04/2009	15/04/2019	10
E80/4197	Tanami Region, WA	RRI * 100%	Granted	15/10/2009	14/10/2019	3
E80/4558	Tanami Region, WA	RRI * 100%	Granted	13/12/2012	12/12/2017	5
E80/4869	Tanami Region, WA	RRI * 100%	Granted	17/05/2016	16/05/2021	61
E80/4919	Tanami Region, WA	RRI * 100%	Granted	17/05/2016	16/05/2021	22
E80/4920	Tanami Region, WA	RRI * 100%	Granted	17/05/2016	16/05/2021	3
E80/4921	Tanami Region, WA	RRI * 100%	Granted	17/05/2016	16/05/2021	3
MT SURPRISE PROJECT						
EPM 18331	Mt Surprise Area, Qld	ORM 100%	Granted	26/06/2014	25/06/2019	19
EPM 18850	Mt Surprise Area, Qld	ORM 100%	Granted	21/10/2013	20/10/2018	50
EPM 18449	Mt Surprise Area, Qld	ORM 100%	Granted	14/05/2013	13/05/2018	10
MT RAMSAY PROJECT						
EPM 25677	W of Gladstone, Qld.	ORM 100%	Granted	11/08/2014	10/08/2019	26
TOP CAMP PROJECT						
Tenement ID	Location	Registered Holder	Status	Granted Date	Expiry Date	Area (Hectares)
ML 2764	SSW of Cloncurry	ORM 100%	Granted	19/01/1989	31/01/2020	103
ML 2785	SSW of Cloncurry	ORM 100%	Granted	6/02/1992	28/02/2017	129.2
ML 2786 ⁺	SSW of Cloncurry	ORM 100%	Granted	15/02/1990	28/02/2016	70
ML 2792	SSW of Cloncurry	ORM 100%	Granted	6/02/1992	28/02/2017	103.5
* Rich Resources Investments Pty Ltd - wholly owned Subsidiary of Orion Metals Limited						
+ Under application for renewal, awaiting grant.						

EXPLORATION ACTIVITIES

Top Camp Project statutory and stakeholder approvals towards commencement of a bulk sampling operation dominated exploration activities during 2015-16. The key statutory approvals with the DNRM and DEHP are all in place, as well as the environmental authorities financial assurance bonds paid.

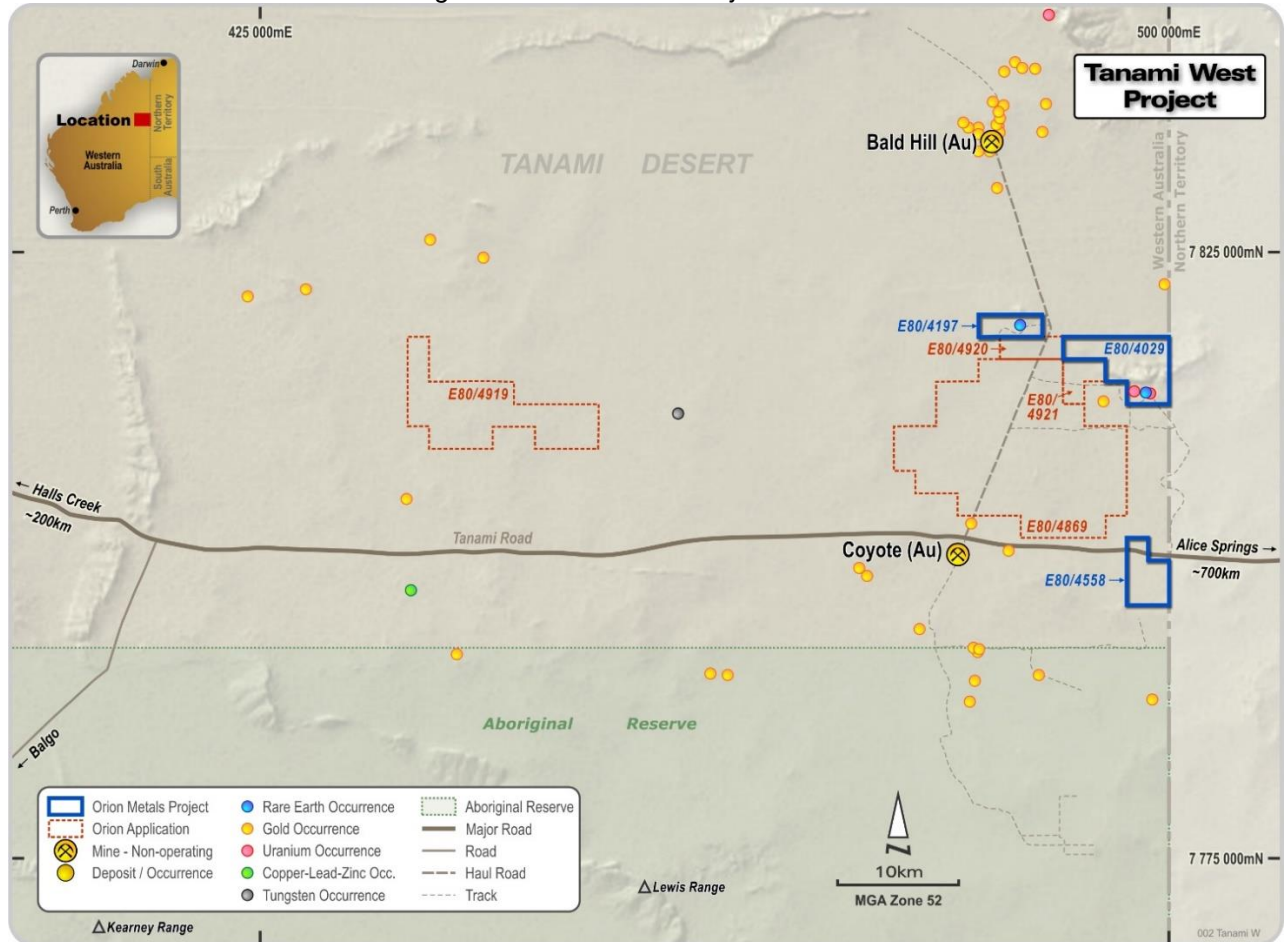
Access to the Tanami West Project was still restricted pending the outcome of legal action to resolve the impasse with the Tjurabalan People, represented by the Kimberley Land Council.

There was no significant project work conducted on Mt Surprise or Mt Ramsay Project areas.

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Figure 2: Tanami West Project Location



Note: The four tenements which had the successful tribunal determination, recently granted, are outlined in orange.

Tanami West Project, Western Australia (Figure 2)

There was no on-ground exploration conducted on this Project this year.

Despite good faith negotiations with Tjurabalan’s representatives, the Kimberley Land Council (KLC), no progress was made towards getting land access. Despite having a current and active Heritage Protection Agreement in place, along with a Deed of Variation signed and ratified by the KLC during 2012, the document was ignored. Rather, the KLC proposed a new document, with costs and charges for cultural and heritage surveys far in excess of what they had been signatories to 3 years earlier. Additionally, the KLC objected to the grant by expedited procedure of four tenements under application by ORM with the State of WA.

One tenement, E80/4869, had been under application since 21st February, 2014.

Reluctantly, ORM set in motion a legal process to get the tenure granted. On the 12th April, 2016, ORM successfully challenged the right to have its four tenements granted by expedited procedure, with the NNTT handing down its determination in favour of Orion Metals.

On the 17th May, 2016, the four tenements pending were finally granted by the State of WA (DMP).

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Tanami West Project remains ORM's most important REE tenement package, and the granting of these four tenements certainly boosts ORM's REE exploration potential.

Top Camp Project, Queensland (Figure 3)

Top Camp Project consists of four, contiguous, granted mining leases which total 405 hectares in area. All four leases are 100% held by ORM. The granting of these leases dates back to the late 80's, early 90's, and is the site of the late 1800's original Cloncurry alluvial gold field.

Total production from past mining efforts from 1872 – 2005 indicates, anecdotally at least, 20,000 ounces of gold was extracted. But despite this level of productivity, records suggest that the alluvial gold mining methods were sporadic, superficial but intensive.

ORM still considers there is a opportunity for an alluvial gold operation at Top Camp, and has progressed statutory and stakeholder approvals towards this end, while current funding remains inadequate to pursue activities at ground level.

There has not been any on-ground exploration conducted this reporting period.

Despite funding challenges, ORM has pressed on with statutory approvals in anticipation of imminent funding success. During 2015, statutory requirements towards a bulk sampling or trial mining exercise were identified, scheduled, and dealt with accordance to ORM's internal project scope.

The key compliance to update and renew was the environmental authority. It has been updated, new financial assurances determined, and bonds paid.

Cultural and Heritage surveys are being assessed with the local traditional owners, the Mitakoodi and Mayi Pepople. Relations are good and ORM expects to formalise an agreement and commence survey work once adequate funds become available.

Other important administrative matters involved the rolling renewals of two mining leases, ML 2764 and ML 2786. Both renewal applications were constructed and lodged within the prescribed timeframe in the correct manner. ORM is still awaiting DNRM staff to process the applications.

As well as the alluvial gold occurrences across the Project area, and not to be under estimated in its importance and value, is the insitu gold copper primary mineralisation potential. Archive geochemistry data has presented valuable surface sampling and drilling information which warrants a comprehensive base metal exploration re-evaluation.

Mt Surprise Project, Queensland.

Mt Surprise Project is a "green fields" tin, tungsten, and REE exploration project located in the Mareeba District of North East Queensland. It comprises of three granted 100% ORM held exploration permits, EPM 18331, EPM 18449, and EPM 18850. Following partial relinquishments early in 2015, the ground holding now stands at approximately 237² km of tenure.

Despite some success reported during 2014, budget restrictions precluded further on-ground exploration initiatives during 2015-16.

It is anticipated that with adequate budget support in the next reporting year, ORM will continue to expand its surface sample database towards the identification of anomalies worthy of drill testing.

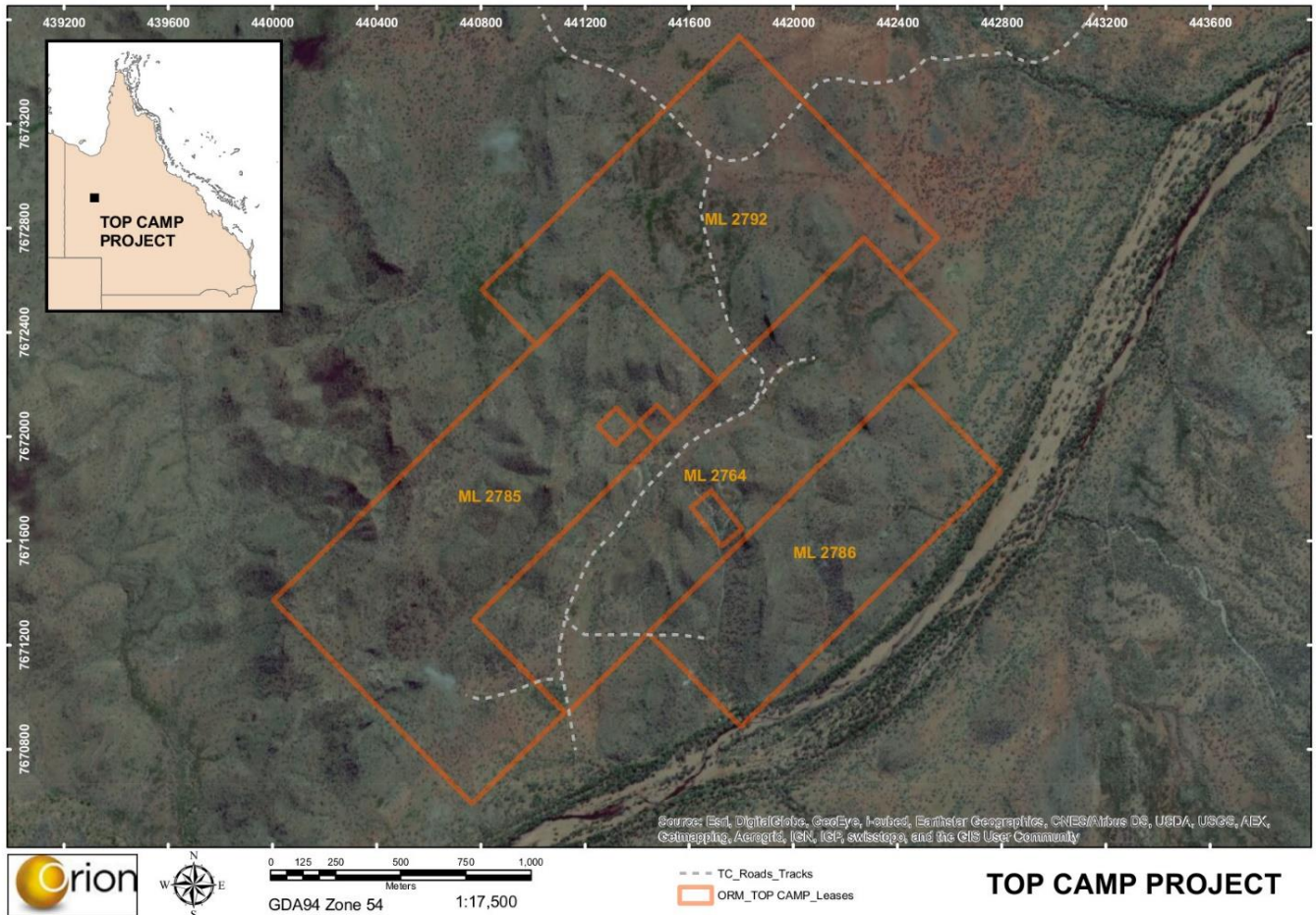
The Mt Surprise Project is being targeted for granite hosted greisen, vein, and stockwork type tin-tungsten mineralisation, as well as the potential for hydrothermal REE mineral occurrences. The Late Carboniferous, I-type

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granitoids outcropping throughout the region provide a suitable host for these varied styles of mineralisation and commodity types.

Figure 3: Top Camp Project area



Note: ORM mining leases are outlined in orange, and lie adjacent to the Cloncurry River, ~40km S of Cloncurry.

Mt Ramsay Project, Queensland (Figure 4).

Mt Ramsay Project, located west of Gladstone in Queensland, comprises of one tenement EPM 25677 (Figure 4), 100% ORM held. The tenement is host to a large nepheline syenite complex which has intruded sediments of the SE Bowen Basin.

Rocks of this nature, in association with carbonatites and other like rocks, are highly prospective for REE; in particular heavy rare earths.

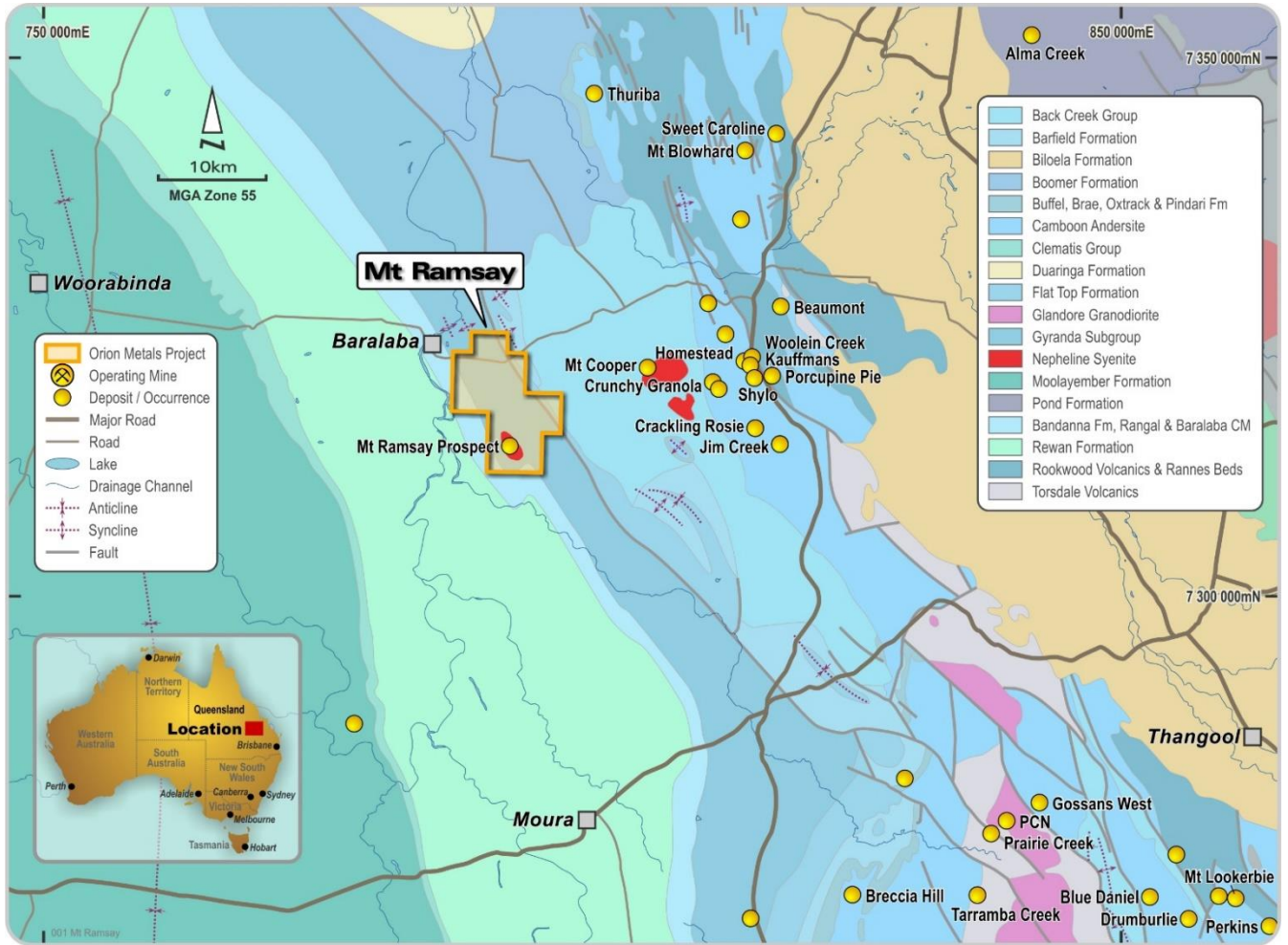
The Mt Ramsay alkaline complex is an excellent exploration opportunity, and has the potential for REE, specialty metals, copper, and gold mineralisation. Notably, there has been no historic exploration for REE or other specialty metals in this region, though there are a number of base metal, gold and silver occurrences.

Budget restrictions prevented any on-ground field work this year.

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Figure 4: Mt Ramsay Project location and regional geology plan.



PROPOSED WORK 2016

While the downward trend of overseas and local markets negatively affects not only the exploration industry, but the wider mining community, every effort will be made to maintain the good standing of ORM’s tenure during these challenging times. Cost cutting, and tenement rationalisation has reduced expenditure significantly, assisting ORM to utilise budget in high priority areas.

A continued refinement of ORM’s tenement portfolio will continue with any tenure or sub-blocks considered outside of the Company’s immediate objectives may be relinquished

Top Camp Project will be a high priority initially, while the Company assesses the viability of a potential alluvial gold mining venture. Tanami West Project has ongoing land access issues to resolve, but it remains the Company’s best REE Project to date.

Mt Surprise and Mt Ramsay are all early stage “greenfields” projects, and have extensive on-ground exploration programs to be undertaken.

The Projects’ field work proposals outlined for budget approval, briefly, for the next 12 months are as follows:

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Tanami West Project

- Establishment of a regolith map, and tenement scale geology fact and interpretative maps.
- Initiation of systematic regional soil sampling and rock chip sampling for REE and gold across areas determined to be of a suitable sample medium.
- RAB or aircore drilling as either a mechanism to test areas deemed unsuitable for soil samples due to thicknesses of transported overburden, or as a follow-up on encouraging results consequential from earlier soil sampling.

Mt Ramsay Project

- Conduct a desktop study of mineral exploration conducted locally and regionally, create a database, and review all archive information.
- Create a regolith map, and tenement scale geology fact and interpretative maps from any existing archive data, supplementing with field mapping as required.
- Initiation of systematic regional soil sampling and rock chip sampling across areas determined to be of a suitable sample medium.

Top Camp Project

- This area has had significant exploration and mining activity in the past, but only a minor amount of information is captured digitally. The database needs populating with some of the quality historic work done to generate targets.
- Systematic rock chip and soil sampling to confirm and refine targets identified from existing historic data.
- Create a geological model, and plan for drill testing.
- Advance approvals, and source funding and investor interest in realizing the alluvial gold mining potential of the Project area.

Mt Surprise Project

- A desktop study that has been initiated needs completing, and validated historic data populated in the database.
- A Project scale geology fact and interpretative map needs assembling, along with acquisition of geophysical imagery.
- The systematic soil, stream sediment, and rock chip sampling program planned and initiated in 2014 needs completing, with the objective being to identify qualitatively, areas of REE, tin, tungsten, gold, and/or base metal anomalism.

Competent Person Declaration

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Peter Brookes, a full-time employee of Orion Metals Limited, who is a member of the Australian Institute of Geoscientists. Mr Brookes 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 Brookes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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CORPORATE GOVERNANCE STATEMENT

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (“Recommendations”) in the reporting period. These Recommendations are guidelines designed to improve the efficiency, quality and integrity of the Company. The Recommendations are not prescriptive so that if a company considers that a recommendation is inappropriate having regard to its own circumstances, the company has the flexibility not to follow it. Where a company has not followed all the Recommendations, this Statement must identify which Recommendations have not been followed and give reasons for not following them.

This Corporate Governance Statement (“Statement”), the Company’s Corporate Governance Charter (“Charter”), and other information for shareholders is available on the Company’s website: www.orionmetals.com.au

The Board has implemented the Recommendations insofar as they are relevant to the size of the Company and the nature of its activities at the present time. Details of the Company’s compliance and the reasons for any non-compliance are addressed in this Statement.

Role of the Board

The Board’s primary responsibility is to oversee the Company’s business activities and management for the benefit of all shareholders which it accomplishes by:

- establishing corporate governance and ethical business standards;
- setting and monitoring objectives, goals and strategic direction with a view to maximising shareholder value;
- approving and monitoring budgets and financial performance;
- ensuring adequate internal controls exist and are appropriately monitored for compliance;
- ensuring significant business risks are identified and appropriately managed;
- approving financial and other reporting, and announcements prior to lodgement with the ASX and release to shareholders;
- ensuring the composition of the Board is appropriate, selecting directors for appointment to the Board and reviewing the performance of the Board and the contributions of individual directors; and
- setting remuneration policy and evaluating the performance of senior executives.

Board Composition

The Board comprises an executive Chairman (Mr Conglin Yue, appointed 25 July 2012) who is also the Company’s Chief Executive Officer (“CEO”), a non-executive director (Ms Yanchun Wang, appointed 3 August 2012), and an executive director (Mr Bin Cai, appointed 25 July 2012) who is also the Chief Financial Officer (“CFO”).

The Board considers that an independent director is a non-executive director who meets the criteria for independence included in the Recommendations. So, on this basis, there are no independent directors at the present time.

The Board supports the fact that the Chairman is the same person as the CEO, which is considered to be appropriate for the Company as he is best placed to influence and direct the Company’s future on behalf of and for the benefit of all shareholders.

Also, the Board has not at this time set any specific materiality thresholds in relation to directors on the basis that such are considered subjective, may depend on each relevant situation and do not impact on independence criteria.

The Board believes that, given the size of the Company and its stage of commercial maturity, it is not practical to appoint any additional independent directors to the Board and considers industry experience

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and specific expertise, as well as general corporate experience, to be more important attributes of its Board members than independence at this time.

The Board also does not consider it necessary yet to address Board succession in view of the fact that the directors are shareholder nominees and any changes at the present time will be directed by those shareholders. As the Company's activities increase in size, nature and scope, the composition and size of the Board will be reviewed periodically to ensure it comprises the optimum number of directors required to adequately supervise the Company's business.

All current directors have a broad range of qualifications, experience and expertise in managing companies, including those involved in minerals exploration, as set out in the Directors' Report and the following matrix of the Board's assessment of their current skills and diversity:

Skills & Experience		Diversity / Demographic Background	
Corporate governance	High	<i>Gender</i>	
Strategic planning	High	Male	2
International	High	Female	1
Mining/exploration industry	High	<i>Age</i>	
Risk management	High	25-40	0
Financial management	Medium	41-55	3
Technology/IT	Medium	56-70	0
Digital/social media	Medium	Over 70	0
Leadership	High	<i>Ethnicity</i>	
Legal	Low	Aboriginal or Torres Straits Islander	0
Stakeholder relationships	High	Asian	3
		White/Caucasian	0
		Other	0

There is no requirement for any director to have a shareholding in the Company, however all of the current directors do hold direct or indirect interests in the Company's shares and all are the nominees are substantial shareholders in the Company.

Both non-executive directors' and executive directors' remuneration is set by the Board at what they consider to be relatively modest levels compared to similar companies and, for non-executive directors, is well within the aggregate amount payable approved by shareholders, being \$300,000 last approved at the Annual General Meeting ("AGM") in June 2011. The Company does not have any equity-based remuneration scheme.

The evaluation of individual director's performance is undertaken when appropriate. No such evaluation was undertaken in the most recent reporting period given the nature of the appointments to the current Board.

Directors have a written agreement with the Company setting out the terms of their appointment as directors. However, the 2 executive directors do not have any written agreement as to the terms and conditions of their executive roles and responsibilities as the Board considers this unnecessary given they are shareholder nominee appointments. Full-time senior executives are employed under written contractual arrangements.

All directors, apart from one with the responsibilities of a Managing Director, are subject to shareholder re-election following initial appointment and by rotation at least every three years. The Company's Constitution provides that one-third of the directors retire by rotation each AGM. Those directors who

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are retiring may submit themselves for re-election by shareholders, including any director appointed to fill a casual vacancy since the date of the last AGM.

The Board considers that as the current directors are all nominees of major shareholders there is no need to undertake any in-depth probity or other background checking of either new director appointees or candidates for election by shareholders. However, brief biographical details, qualifications, experience and other relevant information about directors standing for election or re-election are provided in the AGM Notice.

New directors are provided with copies of all relevant Company documents and policies governing the Company's business, operations and management, at the time of joining. However, the Company is not yet in a position to facilitate all directors undertaking site visits; nor to provide appropriate professional development opportunities for directors to assist in their roles. Nevertheless, Directors are encouraged to personally undertake appropriate training and refresher courses conducted by the Australian Institute of Company Directors.

Access to Independent Professional Advice

The Company acknowledges that directors may require high quality information and advice on which to base their decisions and considerations. With the prior approval of the Chairman, all directors have the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfill their duties and responsibilities as directors. If the Chairman is unable or unwilling to give approval, majority Board approval will be sought.

Board Processes

The Board of the Company meets on a regular basis. The agenda for these meetings is prepared by the Company Secretary in conjunction with the CFO and the other directors. Relevant information is circulated to directors in advance of Board meetings.

The Company Secretary is accountable directly to the Board on matters to do with the proper functioning of the Board. However, his communications are restricted because both the Chairman and the non-executive director do not speak or read English.

Board Committees

The Company does not have at this time any of the recommended committees covering audit, risk, remuneration or nomination. The full Board of directors undertakes the functions of these individual committees to the extent that the directors consider necessary. Given the composition of the Board and the size of the Company it is considered that individual committees are not presently warranted; however it is expected that as the Company's operations expand some of these committees may be established.

The Board's oversight of corporate reporting is augmented by the function of the external Auditors. In addition, performance of the incumbent Auditors is reviewed from time-to-time and the Board ensures that the audit engagement partner is rotated as statutorily required.

Role of Management

The Board has delegated responsibilities and authorities to the CEO, CFO and senior staff to enable management to conduct the Company's day-to-day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits or do not form part of the approved budget, require Board approval.

An evaluation of the performance of senior management will be undertaken at a meeting of the Board of the Company when considered necessary, by the non-executive director and the Chairman. This is considered to be an appropriate process as the Company is in the exploration and evaluation stage

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therefore it is not possible to evaluate performance against revenue or profit targets. No evaluation was undertaken in the most recent reporting period.

Details of the Company's remuneration practices in relation to key management personnel ("KMP") are set out in the audited Remuneration Report section of the Directors' Report. In summary, the remuneration structure for KMP is dictated by the Board and is based on a number of factors including market remuneration for comparable companies and the particular qualifications, experience and skills of the individuals concerned.

Ethical Standards

As part of the Board's commitment to the highest standard of conduct, the Company has adopted a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities. The Code of Conduct is incorporated within the Charter and encompasses:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relationships with clients, customers and consumers;
- conflicts of interest;
- employment practices; and
- responsibilities to the community.

All directors are also required to adhere to a Corporate Ethics Policy – which is included in the Charter as well – covering the ethical and legal requirements in relation to their conduct as directors both within the Company and externally to other parties.

The Board has resolved that the relevant sections of the Charter, particularly the Code of Conduct, Corporate Ethics Policy, and continuous disclosure obligations should also extend to cover all executives, employees and consultants of the Company.

In addition, the Company has established a Share Trading Policy under which directors and KMP are restricted from dealing in Company shares when they are in possession of price sensitive information and during specified periods before or after the release of half and full-year financial results.

Diversity

The Board has approved a workplace Diversity Policy in compliance with the Recommendations but cognizant of the constraints of a mining exploration company, particularly in relation to gender diversity. This Policy is available on the Company's website.

The Policy outlines measurable objectives for achieving gender diversity over the longer term: these are:

- *Employment Balance* – aiming to increase the proportion of women directors on the Board, in senior management and in the organisation overall, including contractors and consultants.
- *Non-Traditional Roles* – increasing the number of women working in non-traditional roles, employed through focused recruitment - very relevant in a mining exploration company.
- *Development & Promotion* – provide equal opportunities for both men and women to attend training and development courses - and to be promoted purely on merit.
- *Remuneration* – equity in pay regardless of gender.
- *Flexible Work Practices* – removal of differentiation between genders - eg, with maternity/parental leave or compassionate leave - and opportunities to work from the home environment (which might assist where there are young children or aged relatives that need some care at times).
- *Discrimination & Harassment* – curbing practices which might prejudice employees because of their gender through appropriate training.

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The Board acknowledges that for a relatively small Company, with limited resources, the achievement of many of these goals over the short-term is difficult, but they are kept under review.

At the date of this Statement the Company has 3 directors, including 1 female, and 2 full-time employees who are both male. The Company also engages 2 part-time contract staff who are both male. The Board also notes the ethnic and cultural diversity of the Company's current directors, staff and contractors.

Continuous Disclosure & Shareholder Communication

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market. In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. These procedures are also detailed in the Charter. All information disclosed to the ASX is posted on the Company's website.

Shareholders are forwarded the Company's Annual Report, if requested, and documents relating to each General Meeting, being the Notice of Meeting, any Explanatory Memorandum and a Proxy Form, and shareholders are invited to attend these meetings. Shareholders may elect to receive communications electronically. The Company's external Auditors are also required to be present at AGMs to answer any queries shareholders may have with regard to the audit and preparation and content of the Audit Report.

However, the Company has not as yet designed and implemented a specific investor relations program to facilitate effective two-way communication with shareholders because the Board considers the above practices are adequate at the present time.

Managing Business Risk

The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. Duties in relation to risk management that are conducted by the Board include but are not limited to:

- initiate action to prevent or reduce the adverse effects of risk;
- control further treatment of risks until the level of risk becomes acceptable;
- identify and record any problems relating to the management of risk;
- initiate, recommend or provide solutions through designated channels;
- verify the implementation of solutions; and
- communicate and consult internally and externally as appropriate.

The Board has identified the material business risks which might affect the Company, has developed a policy for the management of those risks and has delegated responsibilities for managing those to the executive directors and relevant staff.

At the present stage of its development the Board believes that the Company does not have any material exposure to economic, environmental and social sustainability risks.

The Board has not reviewed the Company's risk management framework on an annual basis, but rather has adopted the approach of review as and when considered necessary in view of the relatively benign nature of the risks relevant to this early phase of the Company's development.

In addition, in accordance with section 295A of the Corporations Act 2001, the persons performing the roles of CEO and CFO are required to provide declarations to the Board in relation to each financial period that in their opinion:

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- the financial records of the Company have been properly maintained, and
- the financial statements comply with the accounting standards, and give a true and fair view of the Company's financial position and performance

and, as required by the Recommendations, that:

- the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company does not have an internal audit function in view of the very small staff size and the Board considers the executive directors are able to adequately oversee the risk management and internal control processes. With the planned growth in business the Board has also requested that the executive design and implement when required a risk management and internal control system to more adequately manage the Company's material business risks and to report to the Board on matters relating to risks, including the effectiveness of that risk management system.

This Statement is current as at 30 May 2016 and was approved by the Board of Directors of Orion Metals Limited on that date.

ORION METALS LIMITED
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SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange (ASX) and not shown elsewhere in the Annual Report, current as at 16 May 2016, is advised hereunder.

Stock Exchange Quotation

The Company's shares are quoted on the ASX (Home branch: Sydney) under the code "ORM".

Classes of Securities

The Company has the following equity securities on issue:

ASX quoted: 165,097,443 ordinary shares, each fully paid, held by 390 shareholders
Unquoted: None

Voting Rights

The voting rights attaching to ordinary shares are set out in Rule 27 of the Company's Constitution and are summarised as follows:

- Subject to the Constitution, a holder of ordinary shares in the Company shall be entitled to be present at any meeting, and to vote in respect of ordinary shares held by him. Any member present at any meeting may decline to vote on any question put to that meeting, but in that case shall not be considered absent from the meeting.
- Unless otherwise provided in the Constitution, at any meeting every member present in person or by proxy or by attorney or, in the case of a body corporate, representative appointed pursuant to Section 250D of the Corporations Act shall be entitled:
 - (a) on a show of hands, to one vote; and
 - (b) on a poll, to one vote for each share of which he is the holder.

Holders of options have no voting rights until such options are exercised.

Restricted Securities

There are no restricted securities on issue.

On-market Buy-backs

There is no current on-market buy-back of any securities.

Distribution of Security Holders

Distribution of shares and the number of holders by size of holding are:

Shareholding Range	Ordinary Shares	
	Number of Holders	Number of Shares
1-1,000	37	11,604
1,001-5,000	152	446,338
5,001-10,000	57	440,801
10,001-100,000	117	4,315,097
100,001 and over	27	159,883,603
Totals	390	165,097,443

There are 296 shareholders with less than a marketable parcel of 23,810 shares (based on a closing share price of \$0.021) who together hold 1,743,026 shares.

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SHAREHOLDER INFORMATION

Twenty Largest Security Holders

The names of the 20 largest shareholders, the number of shares and the percentage of capital each holds, are:

Rank	Shareholder	Holding	Percent
1	AUSTRALIA CONGLIN INTERNATIONAL INVESTMENT GROUP PTY LTD	91,852,948	55.64
2	JIEN MINING PTY LTD	23,065,000	13.97
3	EXCELLENCE HOLDING HK LIMITED	20,000,000	12.11
4	MR CONGLIN YUE	13,729,628	8.32
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,251,237	1.36
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,738,211	1.05
7	MR IANAKI SEMERDZIEV	1,294,988	0.78
8	P W ENGLISH & ASSOCIATES PTY LTD < SUPER FUND>	946,667	0.57
9	VICTORY CREST PTY LIMITED <SAMUEL TUSA FAMILY NO 2 A/C>	699,391	0.42
10	CITICORP NOMINEES PTY LIMITED	666,630	0.40
11	SILVERGATE CAPITAL PTY LTD <SILVERGATE CAPITAL UNIT A/C>	660,000	0.40
12	BROUGHTON MINERALS PTY LTD	500,000	0.30
13	MR PETER CAMERON SYMONS	433,333	0.26
14	XENOLITH PTY LTD <XENOLITH SUPER FUND A/C>	303,875	0.18
15	ST SUPER PTY LTD <SAMUEL TUSA SUPER FUND A/C>	300,000	0.18
16	NEFCO NOMINEES PTY LTD	245,090	0.15
17	MR ROGER ADRIAN ALDRED PARKER & MRS MARGARET DENISE PARKER	228,000	0.14
18	MR ALAN BRIEN & MRS MELINDA BRIEN <A & M BRIEN SUPER FUND A/C>	208,938	0.13
19	MR ABEL MARIA BELO DO ROSARIO & MRS NOREEN MARIA ROSARIO	179,167	0.11
20	MR JOSEPH EMANUEL GALEA	130,000	0.08
Totals		159,433,103	96.55

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act are:

Holder	Number of Shares
Conglin Group	105,582,576
Jien Mining Pty Ltd	23,065,000
Excellence Holding HK Limited	20,000,000

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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Orion Metals Limited and its controlled entities at the end of, or during the year ended, 29 February 2016.

1. THE DIRECTORS

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

Mr Conglin Yue	Executive Chairman <i>Appointed 25 July 2012</i>
Qualifications	N/A
Experience	Mr Yue is involved with businesses having long-standing relationships with a number of major steel producing companies in China, having developed a successful coking coal and iron ore trading business in China over many years. These well-developed relationships should benefit Orion as it moves closer to the production of gold and rare earth materials on a commercial scale through improved marketing and distribution channels. Mr Yue is also the Chairman of Conglin Baoyuan International Investment Group, a Chief Executive Officer of Huachen and a Director of the Chinese University of Political Science and Law.
Special responsibilities	Chairman and Chief Executive Officer
Interest in Shares and Options	13,729,628 shares 91,852,948 shares held by Australia Conglin International Investment Group Pty Ltd
Directorships held in other listed entities	Executive Chairman of Northern Minerals Limited, appointed 31 July 2013 ~ continuing
Ms Yanchun Wang	Non-Executive Director <i>Appointed 3 August 2012</i>
Qualifications	N/A
Experience	Ms Wang is the wife of Conglin Yue and acts as a strategic investor for a number of Chinese based companies. Ms Wang is a Vice Chairman of Conglin Baoyuan International Investment Group and also a Director of Huachen.
Special responsibilities	None
Interest in Shares and Options	91,852,948 shares held by Australia Conglin International Investment Group Pty Ltd
Directorships held in other listed entities	Non-Executive Director of Northern Minerals Limited, appointed 14 October 2013 ~ continuing

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DIRECTORS' REPORT

1. THE DIRECTORS (Cont'd)

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 Exploration Limited, appointed 15 May 2011 – continuing. Alternate Director of Northern Minerals Limited, appointed 29 August 2013 ~ continuing
Dr Michelle Li	Non-Executive Director Resigned 18 March 2016.
Qualifications	PhD, GAICD
Experience	Dr Li is a mineral processing engineer and metallurgist with over 20 years' experience in the Australian mining sector. Her experience includes senior roles at Citic Pacific, Rio Tinto and Iluka Resources, as well as a senior project role at the Grange Resources Southdown project.
Special responsibilities	None
Interest in Shares and Options	None
Directorships held in other listed entities	Chairman of Grange Resources Limited, appointed October 2013 ~ continuing Director of Sherwin Iron Limited, November 2012 ~ December 2013.
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 ~ continuing

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DIRECTORS' REPORT

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 29 February 2016 was a loss of \$599,653 (2015 – loss of \$1,645,771) which included:

- write off of exploration and evaluation assets totalling \$108,418 (2015: \$984,996),
- personnel expenses of \$375,188 (2015: \$509,763), and
- other expenses of \$116,206 (2015: \$170,379).

Exploration expenditure during the year focussed on the Tanami West and Mt Surprise Projects and totalled \$298,337 (2015: \$870,858). A number of other tenements were fully or partially relinquished during the year resulting in a write off of \$108,418.

The consolidated entity's strategy for future years is to continue the exploration, evaluation and development of its mineral projects, and to sell or joint venture non-core assets. The consolidated entity believes its future strategy is achievable.

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 29 February 2016 and to the date of this report.

5. REVIEW OF ACTIVITIES AND BUSINESS STRATEGIES

Orion Metals Limited has continued to rationalise costs and exploration activities during the year to conserve cash until sufficient funding has been secured.

Identification of tenure prospective for strategic metals, rare earth elements, and gold remains the focus for Orion Metals Limited.

During 2015/2016, all exploration Projects were again reviewed broadly against tenement prospectivity and overall costs. This resulted in some tenements being fully or partially relinquished during the year. This enabled the Group to maintain the tenure of its most prospective tenements.

On a Project level, activities have been summarised below.

Tanami West Project

On the 12th April, 2016, ORM successfully challenged the right to have its four tenements granted by expedited procedure, with the NNTT handing down its determination in favour of Orion Metals. The four tenements E80/4869, E80/4919, E80/4920, and E80/4921 were granted on the 17th May 2016.

Tanami West Project remains ORM's most important REE tenement package, and the granting of these four tenements certainly boosts ORM's REE exploration potential.

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DIRECTORS' REPORT

5. REVIEW OF ACTIVITIES AND BUSINESS STRATEGIES (Cont'd)

Mt Surprise Project

Field work is currently on hold, due to the limited availability of funds

Top Camp Project

Remains the Company's highest value Project with both the untested historic alluvial gold fields, and high quality primary IOCG targets, positioned on mining leases. Desktop studies and work on statutory and regulatory approvals dominated activities this last reporting period.

Mt Ramsay Project

No field work was undertaken during the year, although remains a high priority exploration area for Rare Earth Elements (REE), with a major focus on the Heavy Rare Earth Elements (HREE), and gold.

6. OUTLOOK

The Group's future plans and prospects are dependent on either the completion of the investment agreement with Excellence Holding HK Ltd (EH) – see Item 8 below, or continuing financial support from its current largest shareholder, Australia Conglin International Investment Group Pty Ltd (ACIIG). The Group has already received \$100,000 in accordance with the terms of this agreement, and its successful completion would result in the receipt of the remaining \$900,000 and it has also received a letter of financial support for the next 12 months from ACIIG.

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

8. EVENTS SUBSEQUENT TO BALANCE DATE

On 17 April 2016 the Company entered into an Investment Agreement with Excellence Holding HK Ltd (EH) under which it has been agreed that 200,000,000 shares will be issued by the Company to EH for \$0.005 each, raising a total of A\$1,000,000 in new funds. EH will also be issued 200,000,000 options with a term of 2 years and an exercise price of \$0.005. The Company will apply for these options to be listed on the ASX. As at the date of this report the Company has received A\$100,000 under this agreement and has entered into a loan agreement to receive a further \$200,000 by 15 June 2016. The balance is subject to shareholder approval, which will be sought at the Company's forthcoming AGM.

Other than stated above, no matters or circumstances have arisen since the end of the 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 entity in future financial years.

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DIRECTORS' REPORT

9. LIKELY DEVELOPMENTS

The future prospects and direction of the Group's will largely be determined by the completion or otherwise of the Investment Agreement with Excellence Holding HK Ltd (EH)

10. COMPANY HEALTH & SAFETY POLICY

Orion Metals Limited (ORM) 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. 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 produce injury, harm, or damage.

Orion Metals Limited encourages employee participation in all matters affecting the health and safety of our people and invite suggestions from our work force of ways in which health and safety can be improved.

11. CULTURAL AND COMMUNITY PERFORMANCE

The consolidated entity exercises the highest degree of liaison and relationships with respect to the traditional landowners, cattle graziers and landholders of any region where it is undertaking exploration activities and has infrastructure on their land. It is the Cultural and Community policy that pledges that its activities will not cause disturbance or encroachment or offence to any cultural site or belief or member of traditional landowner groups or to any landholder or business enterprise falling within the exploration tenements of the consolidated entity.

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DIRECTORS' REPORT

12. ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity is subject to and complies with environmental regulation in relation to its mineral exploration activities in North Queensland and Western Australia. 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 in both Queensland and Western 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.

13. SHARES UNDER OPTION

There are no unissued ordinary shares of Orion Metals Limited under option at the date of this report.

Shares issued on the exercise of options

No Orion Metals Limited ordinary shares were issued during the year ended 29 February 2016 as a result of the exercise of options over unissued shares in the Company.

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DIRECTORS' REPORT

14. 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:

Director	Meetings of Directors Held *	Meetings of Directors Attended
Conglin Yue	5	4
Ms Yanchun Wang	5	1
Bin Cai	5	5
Dr Michelle Li (resigned 18 March 2016)	5	5

** at which eligible to attend*

Dr Michelle Li represented Jien Mining Pty Ltd, which holds 23,065,000 shares in Orion Metals Limited.

15. 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.

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-executives, 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 a mix of cash and non-cash benefits as 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.

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DIRECTORS' REPORT

15. REMUNERATION REPORT – AUDITED (Cont'd)

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.

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 0.6 cents on 29 February 2016.

The table below sets out summary information about the Company's earnings and movements in shareholders' wealth for the five years to 29 February 2016:

Description	29 February 2016	28 February 2015	28 February 2014	28 February 2013	29 February 2012 *
Revenue	-	-	-	\$31,926	\$8,719
Net profit/(loss) before tax	(\$599,653)	(\$1,645,771)	\$(675,689)	\$(1,469,921)	\$(1,502,405)
Net profit(loss) after tax	(\$599,653)	(\$1,645,771)	\$(675,689)	\$(1,469,921)	\$(1,502,405)
Basic earnings/(loss) per share (cents)	(0.41)	(1.56)	(0.73)	(1.68)	(1.89)
Change in share price (cents) *	(0.4)	(1.8)	(4.7)	(1.0)	(12.5)

* share prices adjusted for share consolidation in calculating change in share price

There were no dividends paid or returns of capital by the Company during the year or previous 4 years.

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DIRECTORS' REPORT

15. REMUNERATION REPORT – AUDITED (Cont'd)

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.

The key management personnel of Orion Metals Limited and the consolidated entity includes the directors of the Parent Entity, Mr Conglin Yue (Chairman and Chief Executive Officer), Ms Yanchun Wang (Non-executive Director), Mr Bin Cai (Executive Director and Chief Financial Officer), Dr Michelle Li (Non executive Director, resigned 18/3/16), Company Secretary Mr Bill Lyne, and Exploration Manager Mr Peter Brookes.

2016 Remuneration

	Short-term employee benefits		Share Based Remuneration Equity Settled Options*	Post Employment Benefits	Total	Perform ance Related %	% consistin g of options
	Salary & fees	Bonus		Superannuation		%	%
	\$	\$	\$	\$	\$	%	%
Directors							
Dr C Yue	48,000	-	-	-	48,000	-	-
Ms Y Wang	36,000	-	-	-	36,000	-	-
B Cai	86,000	-	-	4,750	90,750	-	-
Dr M Li	32,877	-	-	3,123	36,000	-	-
Other Key Management Personnel							
B. Lyne (Company Secretary)	36,700	-	-	-	36,700	-	-
P Brookes (Exploration Manager)							
	147,980	-	-	14,058	162,038	-	-
Total	387,557	-	-	21,931	409,488	-	-

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DIRECTORS' REPORT

15. REMUNERATION REPORT – AUDITED (Cont'd)

2015 Remuneration

	Short-term employee benefits		Share Based Remuneration Equity Settled Options*	Post Employment Benefits	Total	Performance Related %	% consisting of options
	Salary & fees	Bonus		Superannuation		%	%
	\$	\$	\$	\$	\$	%	%
Directors							
Dr C Yue	48,000	-	-	-	48,000	-	-
Ms Y Wang	36,000	-	-	-	36,000	-	-
B Cai	86,000	-	-	4,709	90,709	-	-
Dr M Li	30,000	-	-	-	30,000	-	-
Dr T Li (resigned 31/12/14)	3,000	-	-	-	3,000	-	-
Other Key Management Personnel							
B. Lyne (Company Secretary)	73,820	-	-	-	73,820	-	-
P Brookes (Exploration Manager)							
	201,081	-	-	18,938	220,019	-	-
Total	477,901	-	-	23,647	501,548	-	-

As at balance date there was \$112,000 owing to directors for directors' fees. There were no other transactions with or loans outstanding to key management personnel for the year.

Shareholdings of key management personnel

	Balance 1 March	Received as Remuneration	Options exercised	Net change other	Balance 28 February
Directors					
C Yue	105,582,576	-	-	-	* 105,582,576
Y Wang	91,852,948	-	-	-	* 91,852,948
B Cai	6,250	-	-	-	6,250
Dr M Li ** (appointed 2/2/15)	-	-	-	-	-

* Includes 91,852,948 held by Australia Conglin International Investment Group Pty Ltd

** Dr Michelle Li represented Jien Mining Pty Ltd, which holds 23,065,000 shares in Orion Metals Limited.

Other Key Management Personnel

P Brookes	-	-	-	-	-
B Lyne	-	-	-	-	-
	105,588,826	-	-	-	105,588,826

Option holdings of key management personnel

There were no options held by Key Management Personnel at any time during the year.

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DIRECTORS' REPORT

15. REMUNERATION REPORT – AUDITED (Cont'd)

Service Agreements

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

Name: Peter Brookes

Title: Exploration Manager

Agreement commenced: 21 October 2013

Term of agreement: Until the employment is terminated

Details: The Company has entered into an agreement with Peter Brookes to provide services on a full time basis on a Total Annual Remuneration package of \$220,000. The agreement may be terminated by either party on the giving of two months' notice. Mr Brookes must participate fully in performance reviews as required by the Company.

Mr Brookes agreed to take 4 months unpaid leave during the period from September 2015 to April 2016. There have been no changes to his employment terms and conditions.

Remuneration Options

No Key Management Personnel options were granted as remuneration during the year. (2015: Nil) There were no cash bonuses or share based payment options granted during the year (2015: nil).

END OF REMUNERATION REPORT

16. NON-AUDIT SERVICES

No amounts were paid or payable to the auditor for non-audit services provided during the year by the auditor.

17. 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 has insured all of the Directors of Orion Metals Limited. The contract of insurance prohibits 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.

The Company has not indemnified or insured its auditor.

**ORION METALS LIMITED
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DIRECTORS' REPORT

18. 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.

19. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 29 February 2016 has been received and forms part of this directors' report and can be found on page 31.

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

Signed:

A handwritten signature in blue ink, appearing to read 'BIN CAI', is written over a light grey rectangular background.

**BIN CAI
Director**

30 May 2016

ORION METALS LIMITED
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AUDITOR'S INDEPENDENCE DECLARATION



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GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of Orion Metals Limited for the year ended 29 February 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- 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 year.

A handwritten signature in black ink, appearing to be 'A J Whyte'.

A J Whyte

Director

BDO Audit Pty Ltd

Brisbane, 30 May 2016

ORION METALS LIMITED
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Note	2016	2015
		\$	\$
Depreciation expense	12	(2,084)	(2,779)
Other expenses	6	(116,206)	(170,379)
Personnel expenses	6	(375,188)	(509,763)
Write off of exploration and evaluation assets	13	(108,418)	(984,996)
Write off of other assets		(3,986)	-
Loss from operating activities		(605,882)	(1,667,917)
Finance income	5	6,229	22,146
Finance costs		-	-
Net finance income		6,229	22,146
Profit/(loss) before income tax		(599,653)	(1,645,771)
Income tax	7	-	-
Profit/(loss) after income tax		(599,653)	(1,645,771)
Other comprehensive income		-	-
Total comprehensive income		(599,653)	(1,645,771)
Profit/(loss) attributable to: the owners of the company		(599,653)	(1,645,771)
Total comprehensive income attributable to: the owners of the company		(599,653)	(1,645,771)
Basic earnings/(loss) per share (cents per share)	17	(0.41)	(1.56)
Diluted earnings/(loss) per share (cents per share)	17	(0.41)	(1.56)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements

ORION METALS LIMITED
ACN 096 142 737

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2016

	Note	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	8	114,791	858,708
Trade and other receivables	9	6,777	24,460
Other assets	10	5,578	7,964
Total Current Assets		127,146	891,132
Non-Current Assets			
Property, plant and equipment	12	-	6,070
Exploration and evaluation assets	13	1,904,860	1,714,941
Total Non-Current assets		1,904,860	1,721,011
TOTAL ASSETS		2,032,006	2,612,143
Current Liabilities			
Trade and other payables	14	199,945	202,196
Employee benefits		50,561	28,794
Total Current Liabilities		250,506	230,990
TOTAL LIABILITIES		250,506	230,990
Net Assets		1,781,500	2,381,153
Equity			
Issued capital	15	13,568,283	13,568,283
Reserves	16	467,838	467,838
Accumulated losses		(12,254,621)	(11,654,968)
Total equity		1,781,500	2,381,153

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

ORION METALS LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Issued Capital \$	Options reserve \$	Accumulated losses \$	Totals \$
Balance at 1 March 2014	12,583,010	467,838	(10,009,197)	3,041,651
Profit /(Loss) after income tax	-	-	(1,645,771)	(1,645,771)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(1,645,771)	(1,645,771)
Transactions with owners, recorded directly with equity				
Shares issued during the year	1,037,500	-	-	1,037,500
Share issue costs	(52,227)	-	-	(52,227)
Balance at 28 February 2015	13,568,283	467,838	(11,654,968)	2,381,153
Balance at 1 March 2015	13,568,283	467,838	(11,654,968)	2,381,153
Profit /(Loss) after income tax	-	-	(599,653)	(599,653)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(599,653)	(599,653)
Transactions with owners, recorded directly with equity				
Shares issued during the year	-	-	-	-
Balance at 29 February 2016	13,568,283	467,838	(12,254,621)	1,781,500

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 29 FEBRUARY 2016

	Note	2016 \$	2015 \$
Cash Flows From Operating Activities			
Receipts from customers and GST		45,131	71,139
R & D tax refund		-	150,007
Payments to suppliers and employees		(515,376)	(676,418)
Interest received		6,229	27,257
Net Cash Provided By/ (Used In) Operating Activities	22	<u>(464,016)</u>	<u>(428,015)</u>
Cash Flows From Investing Activities			
Payment for property, plant and equipment		-	(4,080)
Payment for exploration and evaluation assets		(279,901)	(901,915)
Net Cash Provided By/ (Used In) Investing Activities		<u>(279,901)</u>	<u>(905,995)</u>
Cash Flows From Financing Activities			
Proceeds from issues of equity securities		-	1,037,500
Payments for share issue costs		-	(52,227)
Net Cash Provided By/ (Used In) Financing Activities		<u>-</u>	<u>985,273</u>
Net Increase/(Decrease) In Cash and Cash Equivalents		(743,917)	(348,737)
Cash and Cash Equivalents opening balance		<u>858,708</u>	<u>1,207,445</u>
Cash and Cash Equivalents closing balance	8	<u>114,791</u>	<u>858,708</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements

ORION METALS LIMITED
ACN 096 142 737

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

1 REPORTING ENTITY

The financial statements of Orion Metals Limited for the year ended 29 February 2016 were authorised for issue in accordance with a resolution of the directors on 30 May 2016 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, modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

C. Use of estimates and judgements

The preparation of financial statements in conformity with AASB's 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. Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined below:

Impairment

The Consolidated Entity assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may lead to impairment of other assets and financial assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations are performed or market based information is obtained in assessing recoverable amounts that incorporate a number of key estimates.

ORION METALS LIMITED
ACN 096 142 737

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

2 BASIS OF PREPARATION (Cont'd)

Exploration & evaluation expenditure

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

D. 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 year ended 29 February 2016 of \$599,653 and a net cash outflow from operations of \$464,016. At 29 February 2016, the Group's current liabilities exceeded its current assets by \$123,360. This includes \$112,000 owing to directors, dating back to October 2014.

The Company has entered into an investment agreement with Excellence Holding HK Ltd (EH) under which it has been agreed that 200,000,000 shares will be issued by the Company to EH for \$0.005 each, raising a total of A\$1,000,000 in new funds. EH will also be issued 200,000,000 options with a term of 2 years and an exercise price of \$0.005. The Company will apply for these options to be listed on the ASX. As at the date of this report the Company has received A\$100,000 under this agreement and has entered into a loan agreement to receive a further \$200,000 by 15 June 2016. The balance is subject to shareholder approval, which will be sought at the Company's forthcoming AGM.

In addition, the Company has received a letter of financial support for the next 12 months from major shareholder ACIIG.

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. Should the consolidated entity not be able to raise capital when required, there exists a material uncertainty that may cast significant doubt on the consolidated entity's ability 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 29 February 2016 ("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.

ORION METALS LIMITED
ACN 096 142 737

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 balance date.

Deferred tax is accounted for using the balance sheet liability method 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. Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

All assets are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15-33% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

E. 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.

F. Impairment of Financial Assets

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of loans and receivables, the Consolidated entity first assesses whether objective evidence of impairment exists for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Consolidated entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Consolidated entity of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. In the case of available for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Losses are recognised in the profit or loss.

G. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. 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 instrument that eventually vest.

J. 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.

K. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is recognised using the effective interest rates applicable to the financial assets. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

All revenue is stated net of the amount of goods and services tax (GST).

L. 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.

M. Issued Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from equity.

N. Earnings per share

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the consolidated entity are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the profit or loss on a straight line basis over the period of the lease.

P. New, revised or amending Accounting Standards and Interpretations adopted

New standards and amendments to standards are mandatory for the first time for the financial year beginning 1 March 2015. The adoption of the new or amended standards did not have any material impact on the current year or any prior year and is not likely to affect future periods.

No new or revised Australian Accounting Standards that have been issued but not yet effective have been applied in the preparation of these financial statements. Such standards are not expected to have a material impact on the Group's financial report on initial application.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Consolidated Entity 2016	Consolidated Entity 2015
	\$	\$
5 REVENUE AND OTHER INCOME		
Total finance income	6,229	22,146
	6,229	22,146
6 EXPENSES		
Profit/(loss) before income tax expense has been determined after:		
Audit and accountancy fees	46,149	53,735
Legal fees	1,104	16,302
Share registry expenses and listing fees	31,010	36,661
Insurance	15,306	30,117
Travel and accommodation	1,795	9,518
Other miscellaneous costs	20,842	24,046
Administrative expenses	116,206	170,379
<i>Employee expenses:</i>		
Salaries and on-costs	167,040	262,542
Directors fees and consultancy fees	208,148	247,221
	375,188	509,763
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	599,653	1,645,771
The prima facie income tax benefit on loss before income tax at a tax rate of 30% (2015: 30%)	179,896	493,731
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not recognised on current year loss	(179,896)	(493,731)
Total income tax benefit	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
7 INCOME TAX (Cont'd)		
<i>Net unrecognised deferred tax assets</i>		
Net Deductible temporary differences	34,589	29,372
Exploration and evaluation expenditure	(571,458)	(514,482)
Unused tax losses	5,115,031	4,882,543
Net unrecognised deferred tax asset	4,578,162	4,397,433
 <i>Gross amounts of items in net unrecognised deferred tax assets</i>		
Net Deductible temporary differences	115,298	97,906
Exploration and evaluation expenditure	(1,904,860)	(1,714,941)
Unused tax losses	17,050,104	16,275,145
Total unrecognised deferred tax assets	15,260,542	14,658,110
<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.</p> <p>The consolidated entity has no franking credits.</p>		
 8 CASH AND CASH EQUIVALENTS AND OTHER FINANCIAL ASSETS		
Cash at bank	114,791	858,708
 9 TRADE & OTHER RECEIVABLES		
Other debtors	6,777	24,460
	6,777	24,460
<p>No receivables are past due or impaired (2015: nil) no collateral is held (2015:nil)</p>		
 10 OTHER ASSETS		
Current		
Deposits	2,578	2,578
Prepayments	3,000	5,386
	5,578	7,964

ORION METALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Consolidated Entity	Consolidated Entity
	2016	2015
	\$	\$
11 AVAILABLE FOR SALE FINANCIAL ASSETS		
Investments	-	1,144,058
Accumulated impairment	-	(1,144,058)
	-	-
	-	-

The entity has ceased operations and this investment has been written off.

12 PLANT & EQUIPMENT

Plant & equipment at cost	12,150	31,837
Accumulated depreciation and impairment	(12,150)	(25,767)
	-	6,070
	-	6,070

Reconciliation

Reconciliations of the carrying amount of each class of plant and equipment between the beginning and the end of the financial year

Balance at the beginning of the year	6,070	4,769
Additions	-	4,080
Depreciation	(2,084)	(2,779)
Write off plant and equipment	(3,986)	-
Balance at the end of the year	-	6,070
	-	6,070

13 EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure carried forward in respect of areas of interest

INTANGIBLE ASSETS

Reconciliation

Balance at the beginning of the year	1,714,941	1,829,079
Additions	298,337	870,858
Write off	(108,418)	(984,996)
Balance at the end of the year	1,904,860	1,714,941
	1,904,860	1,714,941

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent upon the successful development and exploitation or sale of the respective areas of interest.

The Consolidated Entity relinquished a number of tenements during the year, resulting in write off of \$108,418.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
14 TRADE AND OTHER PAYABLES		
Trade payables and accruals	199,445	202,196
	199,445	202,196

15 ISSUED CAPITAL

145,097,443 (2015: 145,097,443) fully paid ordinary shares	13,784,719	13,784,719
Transaction costs relating to share issues (net of tax)	(216,436)	(216,436)
	13,568,283	13,568,283

	Consolidated entity 2016		Consolidated entity 2015	
	#	\$	#	\$
Ordinary shares				
Balance at the beginning of the year	145,097,443	13,568,283	92,597,443	12,583,010
Share issues	-	-	52,500,000	1,037,500
Share issue costs	-	-	-	(52,227)
Balance at the end of the year	145,097,443	13,568,283	145,097,443	13,568,283

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 29 FEBRUARY 2016

15 ISSUED CAPITAL (Cont'd)

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 2015.

The consolidated entity is not subject to externally imposed capital requirements.

16 RESERVES

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
Options reserve		
Opening balance	467,838	467,838
Options issued	-	-
Closing balance	<u>467,838</u>	<u>467,838</u>

The option reserve account is to account for share based payments

17 EARNINGS PER SHARE

	2016 (Number)	2015 (Number)
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	145,097,443	105,809,772
	2016 \$	2015 \$
Net loss after tax used in calculating basic earnings per share	<u>599,653</u>	<u>1,645,771</u>
Net loss after tax used in calculating diluted earnings per share	599,653	1,645,771

18 CONTROLLED ENTITIES

Investments in controlled entities

	Country of incorporation	% ownership 2016	% ownership 2015	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 29 FEBRUARY 2016

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
19 COMMITMENTS FOR EXPENDITURE		
Commitments for maintaining exploration tenements payable		
- Not longer than 1 year	-	-
- Longer than 1 year but not longer than 5 years	786,565	779,081
- Longer than 5 years	-	-
	786,565	779,081
Tenement rentals		
- Not longer than 1 year	91,144	88,202
- Longer than 1 year but not longer than 5 years	179,525	158,817
- Longer than 5 years	-	-
	270,669	247,019

20 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.

The consolidated entity is liable to pay royalties of 1% of gross sales proceeds from the Tanami West 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 in future 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.

	Consolidated entity 2016 \$	Consolidated entity 2015 \$
21 RELATED PARTIES		
Key management personnel compensation		
Short term employee benefits	387,557	477,901
Post-employment benefits	21,931	23,647
	409,488	501,148

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

22 CASH FLOW INFORMATION

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
<i>Reconciliation of cash flow from operations with profit / (loss) after tax</i>		
Profit / (loss) after tax	(599,653)	(1,645,771)
Non-cash flows:		
Depreciation	2,084	2,779
Write off of exploration and evaluation expenditure	108,418	984,996
Write off of other assets	3,986	-
	(485,165)	(657,996)
Changes in operating assets and liabilities		
Decrease in receivables	17,683	131,567
Decrease/(increase) in other assets	2,385	5,401
(Decrease)/increase in creditors and payables	(20,687)	90,751
Increase in employee entitlements	21,768	2,262
	(464,016)	(428,015)
Net cash used in operating activities	(464,016)	(428,015)

23 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

23 FINANCIAL INSTRUMENTS (Cont'd)

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.

	Consolidated Entity 2016	Consolidated Entity 2015
	\$	\$
Sensitivity		
Cash and cash equivalents and other financial assets	114,791	858,708
Effect on profit or loss before taxes		
Increase 0.25%	287	2,147
Decrease 0.25%	(287)	(2,147)

(ii) Price risk management

The Consolidated Entity did not hold any listed equity securities at balance date.

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 29 February 2016 and 28 February 2015 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

23 FINANCIAL INSTRUMENTS (Cont'd)

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 trade with credit worthy third parties, outside of cash & cash equivalents which are all held with Australian regulated banks. The maximum exposure to credit risk is the carrying amount of the financial assets recognised in the 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 their fair value.

	Consolidated Entity 2016 \$	Consolidated Entity 2015 \$
24 AUDITORS REMUNERATION		
Amounts paid/payable for audit or review of the financial statements	36,069	37,510
	36,069	37,510
Amounts paid/payable for tax services	-	-
	36,069	37,510

25 SHARE-BASED PAYMENTS

No options were issued during the years ended 28 February 2015 and 29 February 2016.

Consolidated Entity	2016		2015	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at beginning of year	-	-	500,000	20.0 cents
Granted	-	-	-	-
Forfeited	-	-	(500,000)	20.0 cents
Exercised	-	-	-	-
Outstanding at year-end	-	-	-	-
Exercisable at year-end	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

26 SUBSEQUENT EVENTS

On 17 April 2016 the Company entered into an investment agreement with Excellence Holding HK Ltd (EH) under which it has been agreed that 200,000,000 shares will be issued by the Company to EH for \$0.005 each, raising a total of A\$1,000,000 in new funds. EH will also be issued 200,000,000 options with a term of 2 years and an exercise price of \$0.005. The Company will apply for these options to be listed on the ASX. As at the date of this report the Company has received A\$100,000 under this agreement and has entered into a loan agreement to receive a further \$200,000 by 15 June 2016. The balance is subject to shareholder approval, which will be sought at the Company's forthcoming AGM.

There have been no other matters or circumstances that have arisen since the end of the 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.

27 PARENT ENTITY DISCLOSURES

	2016	2015
	\$	\$
Result of parent entity		
Profit/loss for the year	(739,993)	(1,078,687)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income	<u>(739,993)</u>	<u>(1,078,687)</u>
Financial position of parent entity at year end		
Current Assets	124,310	878,152
Total assets	676,688	1,417,798
Current Liabilities	213,851	214,968
Total liabilities	213,851	214,968
Net Assets	<u>462,837</u>	<u>1,202,830</u>
Total equity of the parent entity comprising :		
Issued capital	13,568,283	13,568,283
Reserves	467,838	467,838
Accumulated losses	(13,573,284)	(12,833,291)
Total equity	<u>462,837</u>	<u>1,202,830</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

The Company's contingencies and commitments comprise tenement rentals and commitments for maintaining exploration tenements. The total commitments as at 29 February 2016 are \$817,868 (2015: \$283,781).

The Company has not entered into any guarantees.

28 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

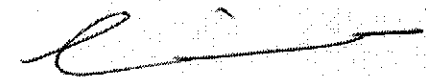
ACN 096 142 737

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 29 February 2016 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

30 May 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Orion Metals Limited

Report on the Financial Report

We have audited the accompanying financial report of Orion Metals Limited, which comprises the consolidated statement of financial position as at 29 February 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 2 the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

- (a) the financial report of Orion Metals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 29 February 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2(d) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon its ability to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development. These conditions, along with other matters as set out in Note 2(d), 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 29 of the directors' report for the year ended 29 February 2016. 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.

Opinion

In our opinion, the Remuneration Report of Orion Metals Limited for the year ended 29 February 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd



A J Whyte

Director

Brisbane, 30 May 2016