



ORION METALS LIMITED

ANNUAL REPORT 2015

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
Dr Michelle Li – 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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Chairman's Report to Shareholders

Dear Fellow Shareholders,

The 2014/2015 financial year has clearly been a difficult one for our company. The net result of operations for the last financial year was a loss of \$1.6m which included write-off of exploration and evaluation assets totalling \$0.98m and other expenses totalling \$0.6m.

The Broughton Creek farm-in agreement was terminated in August. The Orion board's decision to withdraw from the Broughton Creek Project is reflective of the high level of expenditure that would have been required under the farm-in and joint venture terms before Orion earned an interest in the project, resulting in a write-off of \$0.68m. A number of other tenements were relinquished or abandoned during the year resulting in a further write-off of \$0.3m.

A total \$1,037,500 in new funds were raised by Share Placements and a Share Purchase Plan during last financial year. The funds raised will be used by the company to progress its wholly-owned REE and gold Tanami West Project in WA and the REE and base metals Mt Surprise Project in Qld, as well as for assessing new opportunities and general working capital purposes.

By the end of February 2015 our funds on hand were approximately \$860k and so this cash position resulted in a tightly constrained 2015/2016 exploration budget. This financial year our exploration will focus on a potential development opportunity at Top Camp Project, while on-ground exploration activities across the broader Project areas will cease until future funding options are explored.

During the year we completed a board transition with one non-executive director, Dr Tao Li, resigning as the representative of the company's second largest shareholder, Jien Mining Pty Ltd, as at 31 December 2014. Dr Michelle Li was appointed on 2 February 2015 as his replacement representing Jien Mining. Michelle Li is a mineral processing engineer and metallurgist with over 20 years' experience in the Australian mining sector.

On behalf of shareholders I would like to express our thanks to Dr Tao Li for his enormous contribution to the board over the past three year and welcome Dr Michelle Li on joining the board.

Finally, I would like to acknowledge the hard work and dedication of our management and staff in 2014/2015, and personally thank all shareholders for their ongoing support, patience, and commitment to Orion Metals Limited.

Conglin Yue
Executive Chairman and CEO
Orion Metals Limited

ANNUAL REPORT OF OPERATIONS

Despite a major downturn in the Australian mineral exploration industry, Orion Metals Limited (ASX: ORM) has received encouraging results from its ground-based exploration initiatives during the 2014/15 reporting year.

The industry downturn did, however, force Orion Metals to critically review costs and exploration activities scheduled for the year, which eventually led to a reduction in exploration expenditure during the latter part of calendar 2014.

This internal Company review, while acknowledging the state of the broader mining industry throughout Australia, has guided ORM towards a re-alignment of exploration strategy, commensurate with a constrained exploration budget.

As a consequence of a modified strategy, ORM refined its existing tenement portfolio, applied for highly prospective new tenure available as a result of the industry decline, and critically reviewed all JV's and agreements with the view to a reduction in overheads and tenement expenditures.

ORM is now well positioned to maintain and explore its tenure, which is a high quality strategic metals, rare earth elements (REE) and gold prospective package.

ORM PROJECTS BRIEF

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

- 1. *Tanami West Project (formerly Killi Killi Hills Project):***
This is a REE and gold exploration Project located in the Tanami region of NE Western Australia. It consists of 3 granted tenements, and 4 under application. 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 (formerly Fulford Project):***
Consisting of tenure located in the Fulford, Bonnor, Black Creek and Dickson areas of Mareeba District, NE Queensland, the Project is prospective for REE, tin, tungsten, gold and base metals. It consists of 3 granted tenements, 387² km in area. An access and royalty agreement between ORM and J.W. Withers for two tenements held by J.W. Withers, was terminated in January 2015.
- 4. *Mt Ramsay Project:***
This new Project, since Sept 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.

Figure 1: Project Location Map



ORM TENURE UPDATE

Rationalisation in 2014/15 resulted in a critical tenement review whereby tenure with diminished prospectivity and high cost was relinquished or partially surrendered. The following significant tenement portfolio changes were effected:

1. The Broughton Creek Project JV (comprising of tenements EPM 16209, EPM 17143, EPM 19011, and EPM 18075) with Brisbane explorer Broughton Minerals Pty Ltd was withdrawn from completely in August 2014. The Project did not meet with the Company's immediate term objectives. There were no earn-in assets gained from this venture.
2. The exploration access agreement with J.W. Withers to EPM 17011 (4 sub-blocks), and EPM 17891 (8 sub-blocks) contained within the Mt Surprise Project area, was terminated.
3. Additionally in the Mt Surprise Project partial surrenders occurred with tenements EPM 18331 (23 sub-blocks dropped) and EPM 18449 (15 sub-blocks dropped).
4. Tanami West Project has seen significant rationalization, with three tenements relinquished (E80/4556, E80/4559, E80/4596) comprising of 142 sub-blocks in total. The 3 tenements were determined as having reduced prospectivity and potentially significant heritage survey cost burdens. Four tenements were applied for and are awaiting granting – E80/4869, E80/4919, E80/4920, and E80/4921. All are considered highly prospective for REE.

5. EPM 25677, comprising of 26 sub-blocks, was granted August 2014, generating ORM's newest exploration Project, Mt Ramsay.

Table 1: ORM Tenement Schedule

ORM TENEMENT LIST at 4th June 2015							
Tenement ID	Location	Registered Holder	Status	Granted Date	Expiry Date	Area (Sub-blocks)	Minimum Expend
TANAMI WEST PROJECT							
E80/4029	Tanami Region, WA	RRI* 100%	Granted	16/04/2009	15/04/2019	10	\$50,000
E80/4197	Tanami Region, WA	RRI * 100%	Granted	15/10/2009	14/10/2019	3	\$30,000
E80/4558	Tanami Region, WA	RRI * 100%	Granted	13/12/2012	12/12/2017	5	\$15,000
E80/4869	Tanami Region, WA	RRI * 100%	Application			61	N/A
E80/4919	Tanami Region, WA	RRI * 100%	Application			22	N/A
E80/4920	Tanami Region, WA	RRI * 100%	Application			3	N/A
E80/4921	Tanami Region, WA	RRI * 100%	Application			3	N/A
MT SURPRISE PROJECT							
EPM 18331	Mt Surprise Area, Qld	ORM 100%	Granted	26/06/2014	25/06/2019	19	\$50,000
EPM 18850	Mt Surprise Area, Qld	ORM 100%	Granted	21/10/2013	20/10/2018	100	\$50,000
EPM 18449	Mt Surprise Area, Qld	ORM 100%	Granted	14/05/2013	13/05/2018	10	\$50,000
MT RAMSAY PROJECT							
EPM 25677	W of Gladstone, Qld.	ORM 100%	Granted	11/08/2014	10/08/2019	26	\$37,500
Tenement ID	Location	Registered Holder	Status	Granted Date	Expiry Date	Area (Hectares)	Minimum Expend
TOP CAMP PROJECT							
ML 2764*	SSW of Cloncurry	ORM 100%	Granted	19/01/1989	31/01/2015	103	N/A
ML 2785	SSW of Cloncurry	ORM 100%	Granted	6/02/1992	28/02/2017	129.2	N/A
ML 2786	SSW of Cloncurry	ORM 100%	Granted	15/02/1990	28/02/2016	70	N/A
ML 2792	SSW of Cloncurry	ORM 100%	Granted	6/02/1992	28/02/2017	103.5	N/A
* Rich Resources Investments Pty Ltd - wholly owned Subsidiary of Orion Metals Limited							
* Under application for renewal, awaiting grant.							

EXPLORATION ACTIVITIES

Key activities during 2014/15 centred on the Mt Surprise Project area, and Top Camp Project. Work on the Broughton Creek Project was suspended mid-year 2014 pending the outcome of JV negotiations. Eventually, negotiations broke down, and the JV with Broughton Minerals Pty Ltd was terminated; all work on the Project ceased.

Unfortunately, the anticipated start-up of field operations at ORM's Tanami West Project was further delayed by the Kimberley Land Council (KLC), representing the Tjurabalan people. The process for the Company to gain access has been significantly slowed by the KLC's requirements.

Figure 2: Tanami West Project Location

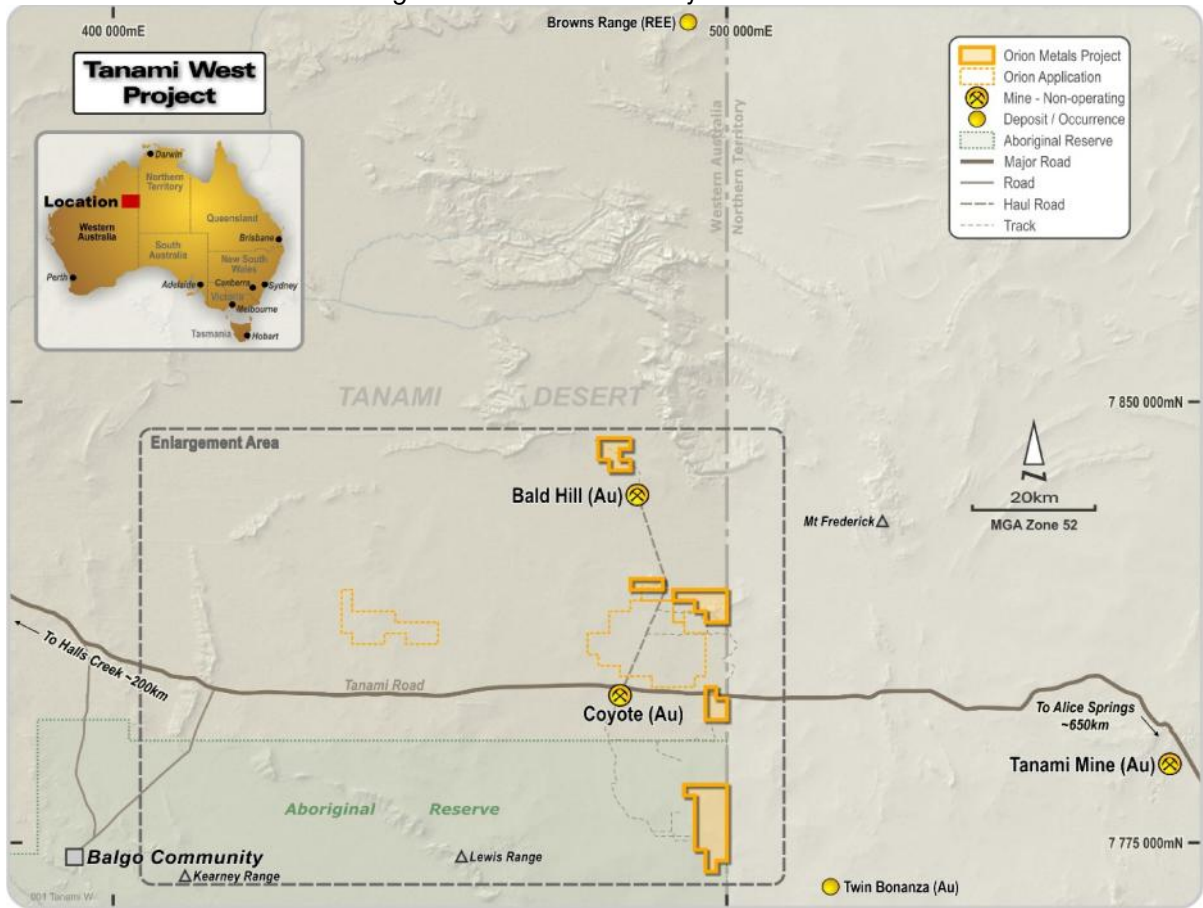
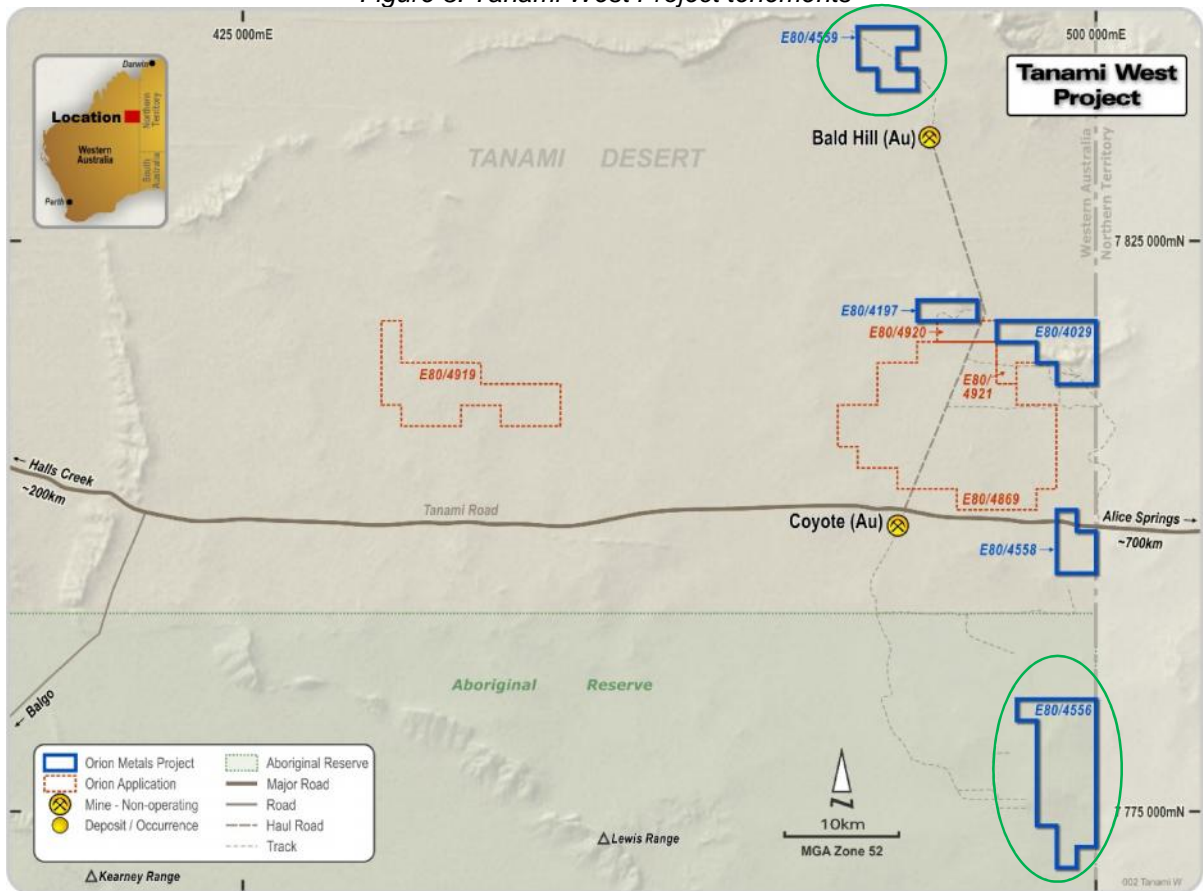


Figure 3: Tanami West Project tenements



Note: Tenements circled in green were recently surrendered. 4 tenements awaiting grant are outlined in orange.

Tanami West Project, Western Australia (Figures 2 & 3)

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

Negotiations are continuing with the KLC to conduct heritage surveys across the tenement package. Currently, ORM are awaiting a final budget and schedule of dates to conduct surveys. One traditional owner supervised (monitored) field trip with ORM staff was conducted during September 2014. The purpose of the trip was to:

- Investigate tenement access
- Conduct preliminary ground assessment following desktop planning, and
- To enable Tjurabalan traditional owners to review old drilling areas ahead of imminent heritage surveys.

The trip was successfully completed, with the Tjurabalan traditional owners satisfied with the presentation of drill sites.

Tanami West Project remains ORM's flagship REE prospective tenement package.

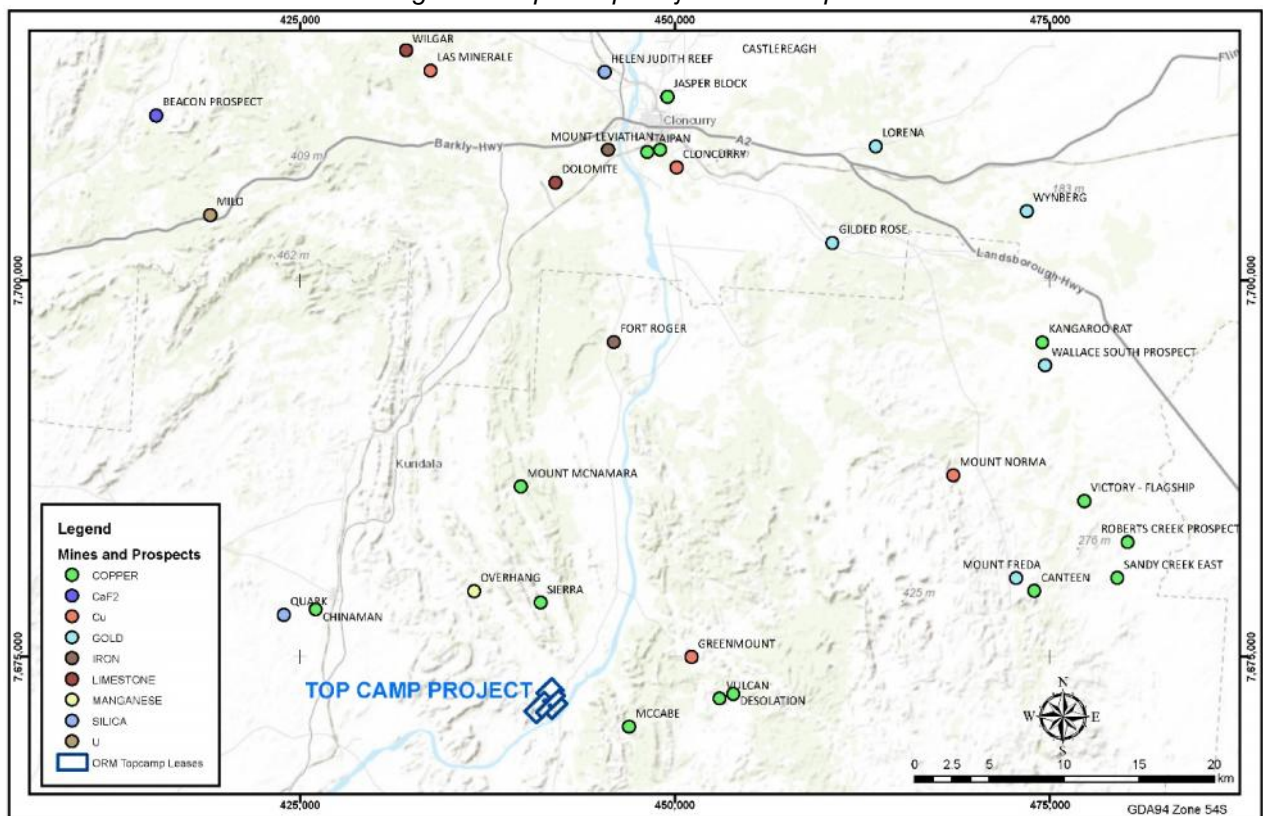
Top Camp Project, Queensland (Figure 4)

Top Camp Project consists of four granted mining leases totalling 405 hectares in area (ML 2764 is awaiting confirmation of renewal), 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, partial records suggest that the alluvial gold mining methods were sporadic, superficial but intensive.

ORM considers there is a significant business case for an alluvial gold operation at Top Camp, and plans to assess the potential during 2015. Exploration has initially focussed on determining material volumes available to alluvial gold extraction, while grade determinations will require either drilling, or systematic bulk sampling and analysis.

During 2014, a tightly constrained gravity survey was conducted across the main palaeo-channel areas. Results were as expected in terms of channel extent, though palaeo- channel depths varied considerably and while gravity is not a definitive tool, it has provided important feedback for determination of channel geometries.

Figure 4: Top Camp Project location plan.



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

From this preliminary survey, ORM has determined the palaeo-channel depth achieves 15 metres, and that there is up to two kilometres of palaeo-channel extent.

These preliminary findings indicate an adequate alluvial material volume sufficient to warrant further investigation into the viability of an alluvial gold operation.

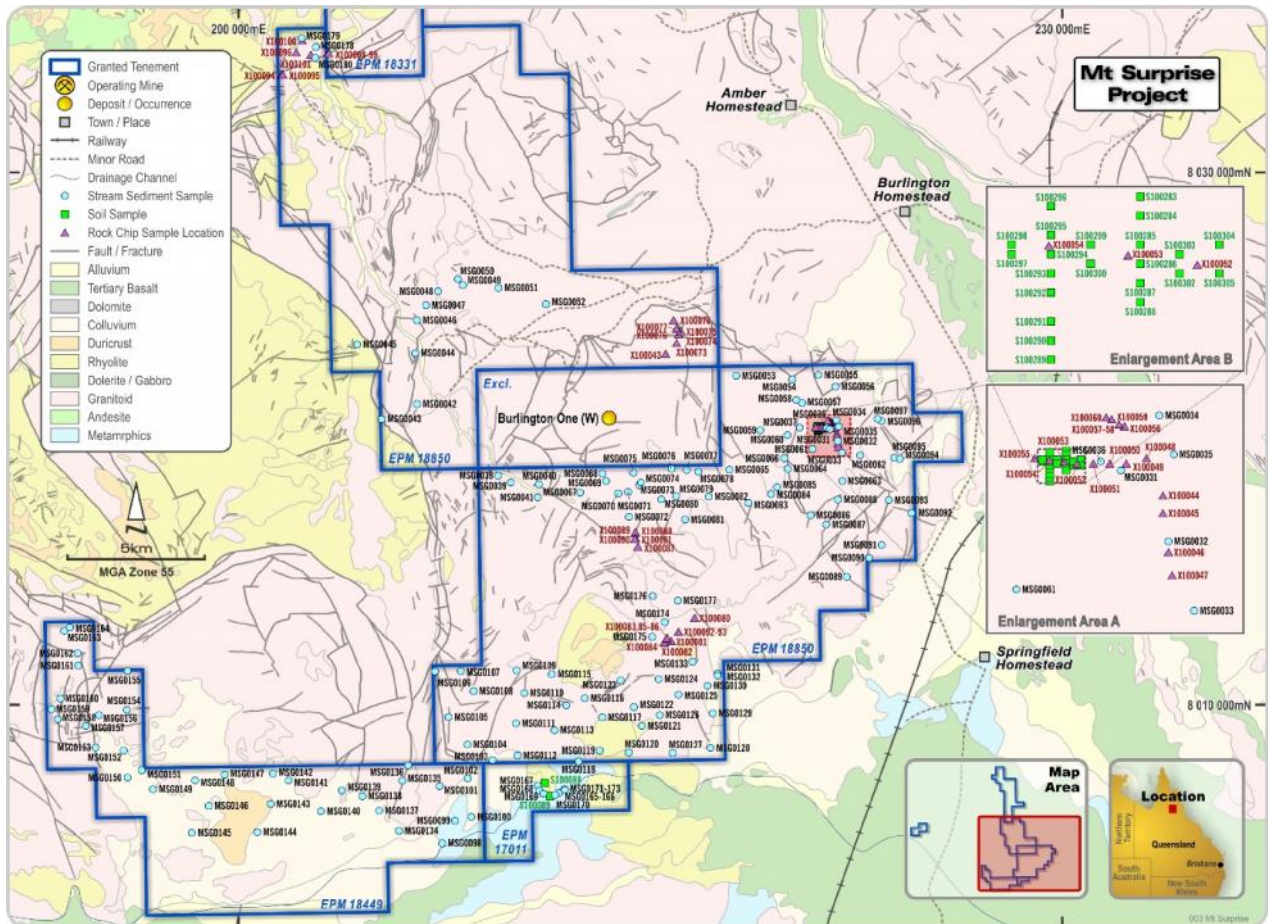
As well as the alluvial gold occurrences across the Project area, and not to be under estimated in its importance, is insitu gold copper primary mineralisation. Recently loaded archive geochemistry data has presented valuable surface sampling and drilling information which warrants a comprehensive base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

Mt Surprise Project, Queensland (Figures 5-8)

Mt Surprise Project is a “greenfields” 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, totalling approximately 387² km of prospective terrain.

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 granitoids outcropping throughout the region (Figure 5) provide a suitable host for these varied styles of mineralisation and commodity types.

Figure 5 Mt Surprise Project Geology and Surface Sample location plan.



Note: Sample prefix X indicates rock chip sample, MSG indicates stream sediment sample, S indicates soil sample locations.

This year, ORM implemented a surface geochemical sampling program (refer ASX ORM: Exploration Update. Mt Surprise Surface Sample Results. 20th October 2014) comprising of 159 stream sediments, 46 rock chip, and 25 soil samples. Additionally, prospect scaled geological mapping was undertaken in conjunction with sampling.

Due to the largely drainage dissected, hilly terrain, access by vehicle was severely limited. As a consequence, helicopter supported sampling was conducted which proved to be highly efficient, cost effective, and fast.

Sample results received to date are indicating significant REE anomalism within the Project area. This sampling and concurrent mapping has identified several new zones of coincident geochemical anomalism and alteration that warrant additional exploration (Figures 6, 7, and 8).

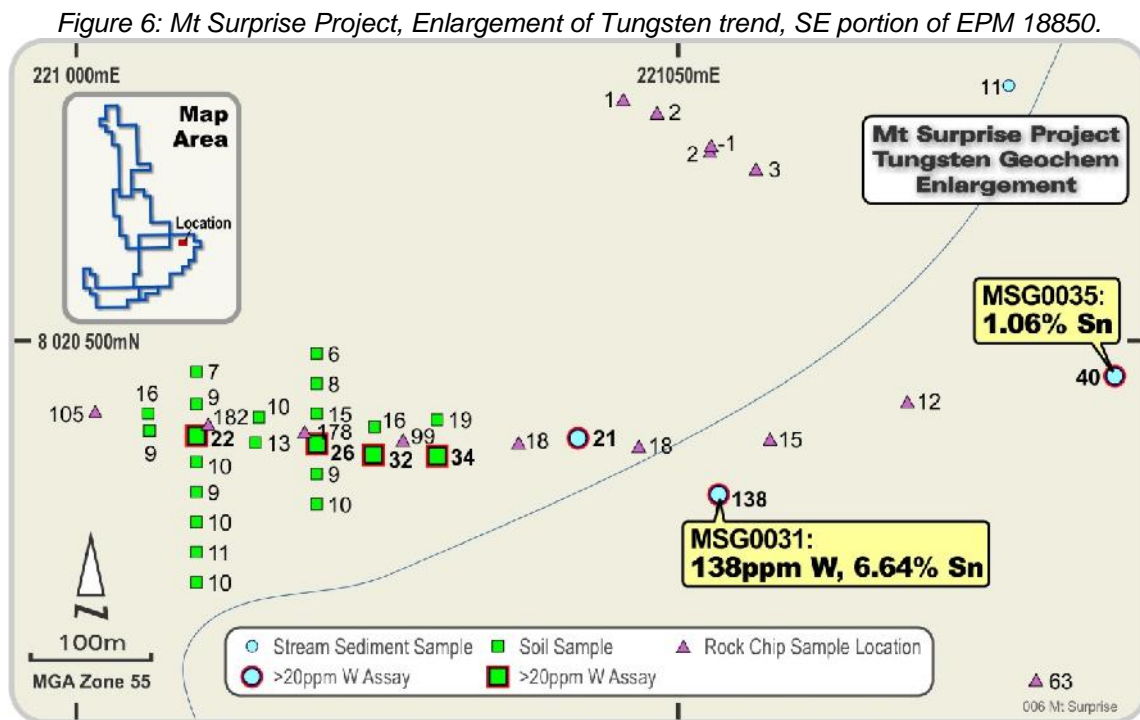
Best stream sediment sample results include:

- 820ppm W, 1.21% Sn and 765ppm Bi in MSG0126,
- 138ppm W and 6.64% Sn in MSG0031, and
- Total Rare Earth Oxide (TREO) values between 0.078% and 0.237% TREO.

Best rock chip sample results include:

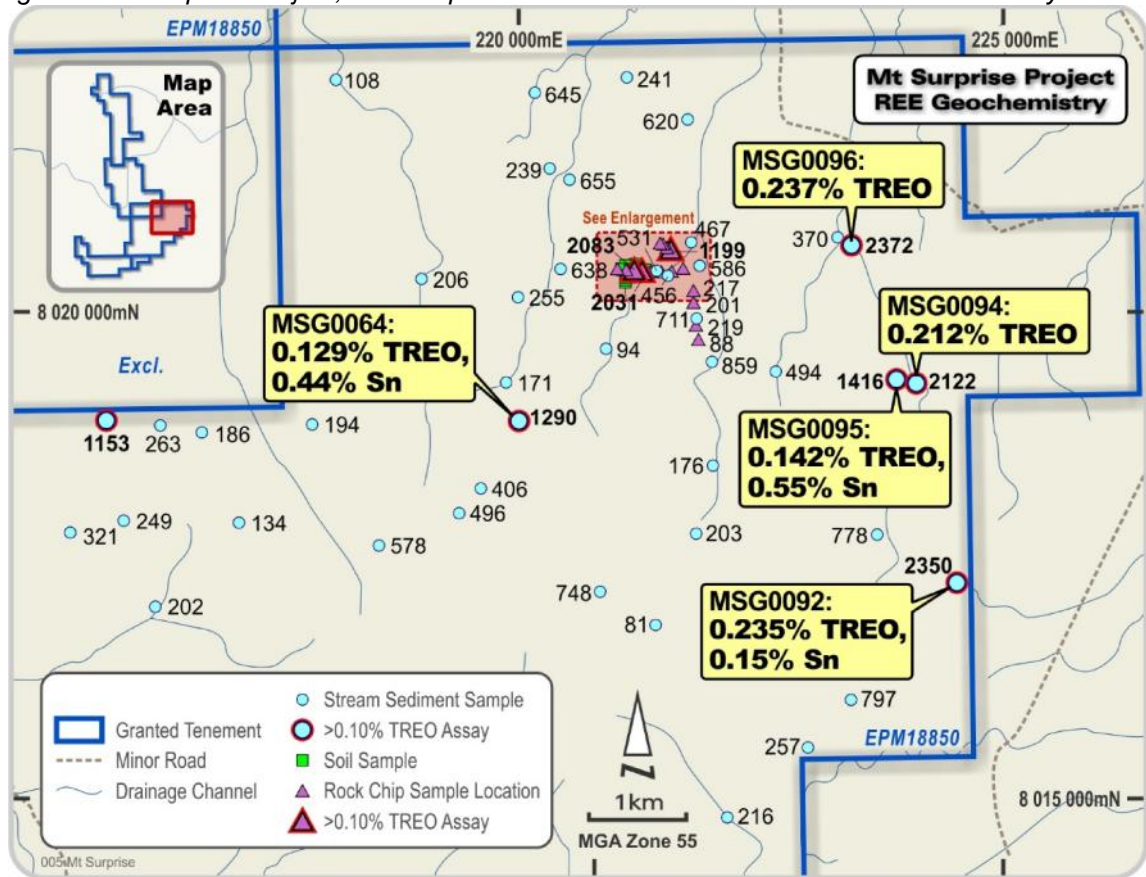
- 0.20% TREO and 0.21% Sn in X100052, and
- 0.21% TREO and 0.30% Sn in X100053.

Significantly, with the exclusion of stream result MSG0126, these best results all fall within an east west trending structural corridor which hosts the historic Burlington 1 (Figure 5) tungsten occurrence approximately 8 km to the west.



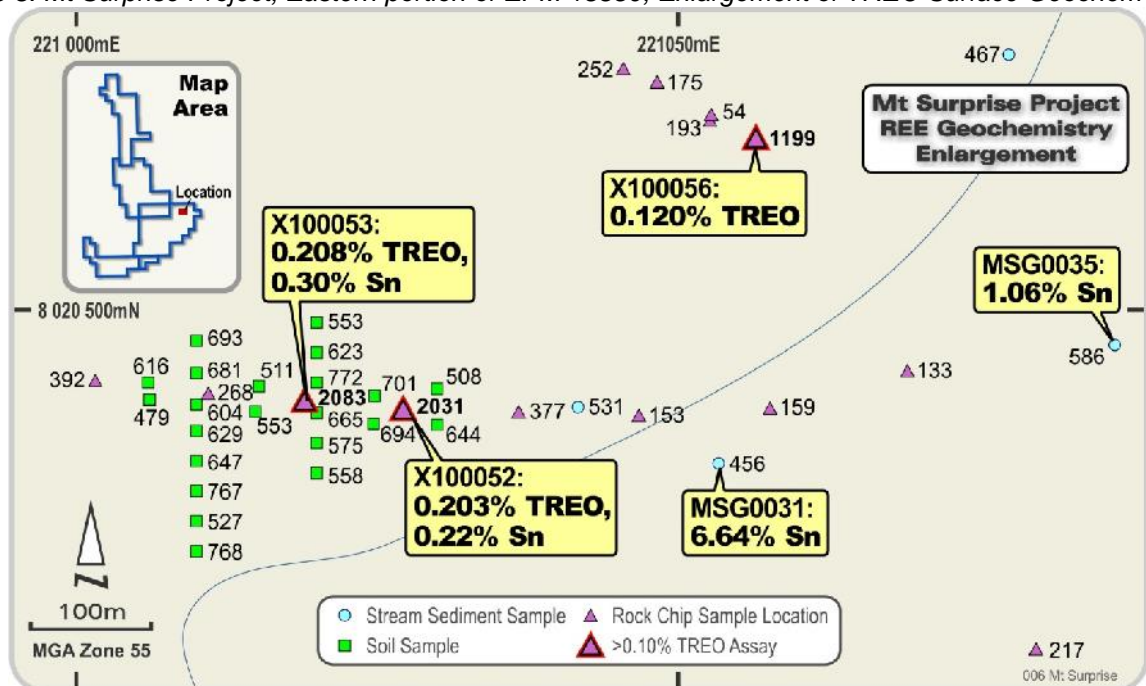
Note: The enlargement plan presents the areas drainage line, with all surface geochem tungsten results in ppm's.

Figure 7: Mt Surprise Project, Eastern portion of EPM 18850 TREO Surface Geochemistry Results.



Note: The plan presents the areas drainage pattern, with access tracks and all surface geochem TREO results. All results are presented in ppm's. The 5 highlighted stream sediment samples are bolded, and presented as percentages

Figure 8: Mt Surprise Project, Eastern portion of EPM 18850, Enlargement of TREO Surface Geochem Trend.



Note: The plan presents the areas drainage line, with all surface geochem TREO results. All results are presented in ppm's. The 3 highlighted rock chip sample triangles are bolded, and presented as percentages.

Mt Ramsay Project, Queensland. (Figure 9)

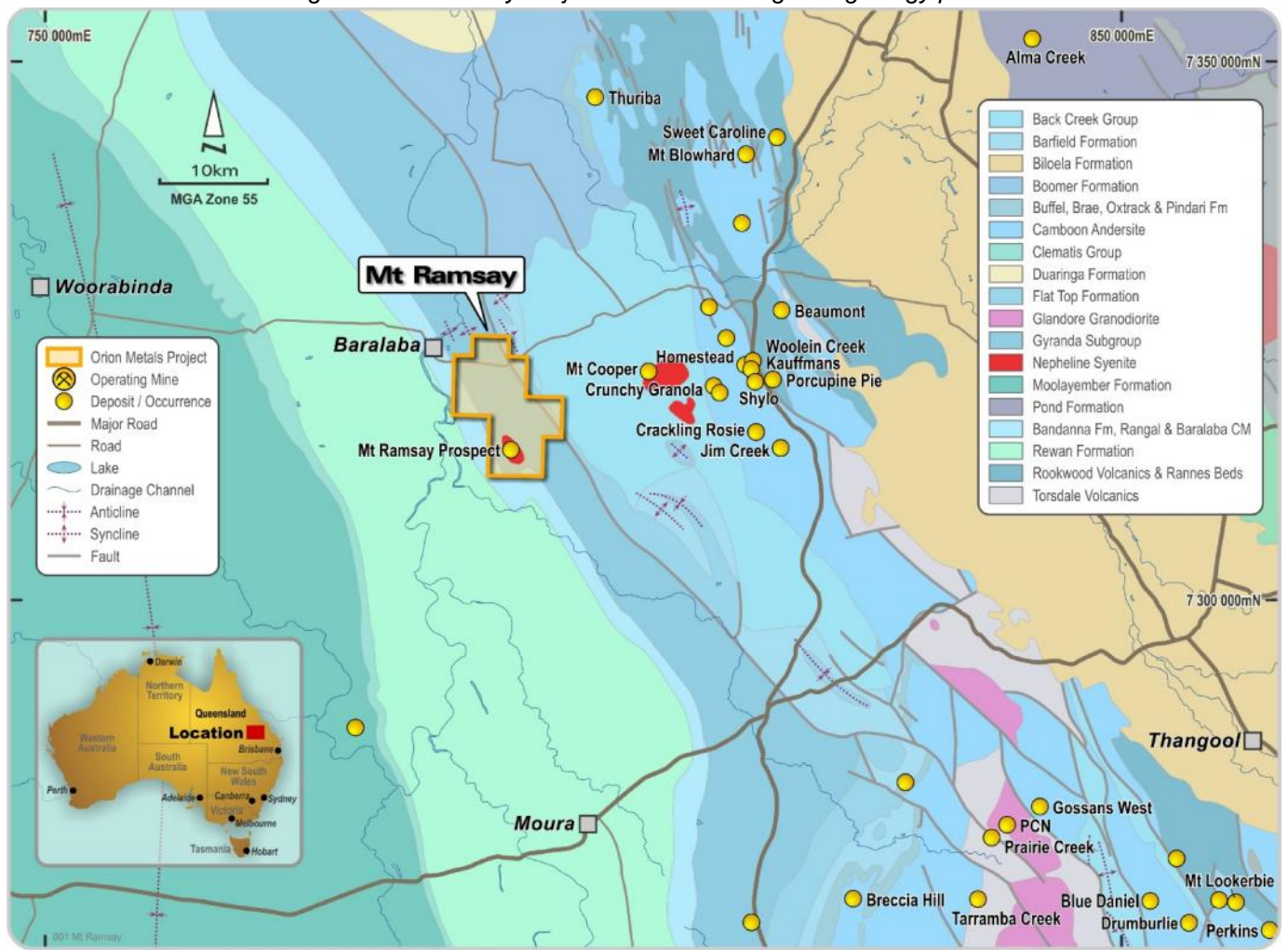
Mt Ramsay Project, located west of Gladstone in Queensland, comprises of one tenement EPM 25677 (Figure 9), 100% ORM held. The tenement is host to a large nepheline syenite complex which has intruded sediments of the SE Bowen Basin.

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 in 2014/15.

Figure 9: Mt Ramsay Project location and regional geology plan.



PROPOSED WORK 2015

While the downturn in 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 and any tenure or sub-blocks considered outside of the Company's immediate objectives may be relinquished. Part of the refinement process is also to attempt to acquire high quality neighbouring tenure, relinquished as a consequence of these challenging economic times. ORM will continue to scrutinize available tenure within the market place.

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. Opportunities for JV's, and acquisition have been reviewed, and will continue to be assessed this year.

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:

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 studies towards understanding 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.

ORION METALS LIMITED

ACN 096 142 737

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”), 2 non-executive directors (Ms Yanchun Wang, appointed 3 August 2012, and Dr Michelle Li, appointed 2 February 2015), 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 only Dr Li is considered to be an independent director.

The Board supports the fact that the Chairman is the same person as the CEO, which is considered to be appropriate for the Company at the present time 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 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	2
Mining/exploration industry	High	<i>Age</i>	
Risk management	High	25-40	0
Financial management	Medium	41-55	4
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	4
		White/Caucasian	0
		Other	0

There is no requirement for any director to have a shareholding in the Company, however 3 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 any 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 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 1 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 directors and the Chairman. This is considered to be an appropriate process as the Company is in the exploration and evaluation stage 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.

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 4 directors, including 2 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:

- 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 4 June 2015 and was approved by the Board of Directors of Orion Metals Limited on that date.

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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 4 June 2015, 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: 145,097,443 ordinary shares, each fully paid, held by 394 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	153	448,838
5,001-10,000	57	440,801
10,001-100,000	119	4,263,011
100,001 and over	28	139,933,189
Totals	394	145,097,443

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SHAREHOLDER INFORMATION

There are 332 shareholders with less than a marketable parcel of 45,455 shares (based on a closing share price of \$0.011) who together hold 2,802,515 shares.

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	63.30
2	JIEN MINING PTY LTD	23,065,000	15.90
3	MR CONGLIN YUE	13,729,628	9.46
4	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,049,517	1.41
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,748,211	1.20
6	MR IANAKI SEMERDZIEV	1,294,988	0.89
7	P W ENGLISH & ASSOCIATES PTY LTD < SUPER FUND>	946,667	0.65
8	VICTORY CREST PTY LIMITED <SAMUEL TUSA FAMILY NO 2 A/C>	699,391	0.48
9	SILVERGATE CAPITAL PTY LTD <SILVERGATE CAPITAL UNIT A/C>	660,000	0.45
10	BROUGHTON MINERALS PTY LTD	500,000	0.34
11	MR PETER CAMERON SYMONS	433,333	0.30
12	CITICORP NOMINEES PTY LIMITED	427,047	0.29
13	XENOLITH PTY LTD <XENOLITH SUPER FUND A/C>	303,875	0.21
14	ST SUPER PTY LTD <SAMUEL TUSA SUPER FUND A/C>	300,000	0.21
15	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	258,389	0.18
16	NEFCO NOMINEES PTY LTD	245,090	0.17
17	MR ROGER ADRIAN ALDRED PARKER & MRS MARGARET DENISE PARKER	228,000	0.16
18	ROBERT JAMES OLSON	222,500	0.15
19	MR ALAN BRIEN & MRS MELINDA BRIEN <A & M BRIEN SUPER FUND A/C>	208,938	0.14
20	MR ABEL MARIA BELO DO ROSARIO & MRS NOREEN MARIA ROSARIO	179,167	0.12
Totals		139,352,689	96.01

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



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DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2015

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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, 28 February 2015.

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

Appointed 25 July 2012 (and previously Director 30 April 2012 ~ 31 May 2012)

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

Appointed 2 February 2015.

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.

Dr Tao Li

Non-Executive Director

Dr Li resigned on 31 December 2014.

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), with a major focus on the Heavy Rare Earth Elements (HREE), and gold. There have been no significant changes in the nature of the principal activities during the year.

3. OPERATING RESULTS

The net result of operations of the consolidated entity for the year ended 28 February 2015 was a loss of \$1,645,771 (2014 – loss of \$675,689) which included:

- write off of exploration and evaluation assets totalling \$984,996 (2014: \$nil),
- personnel expenses of \$509,763 (2014: \$690,667), and
- other expenses of \$170,379 (2014: \$202,335).

Exploration expenditure during the year focussed on the Tanami West and Mt Surprise Projects and totalled \$870,858 (2014: \$550,256). The Broughton Creek farm-in agreement was terminated in August, resulting in a write off of \$681,687. A number of other tenements were relinquished or abandoned during the year resulting in a further write off of \$303,309.

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 28 February 2015 and to the date of this report.

5. REVIEW OF ACTIVITIES AND BUSINESS STRATEGIES

As a consequence of a continued downward trend of the local and overseas minerals exploration industry, Orion Metals Limited has identified the need to rationalise costs and exploration activities, and conserve cash ahead of future funding.

During 2014/2015, all exploration Projects were reviewed broadly against tenement prospectivity and overall costs. High cost projects were critically reviewed, along with tenements located spatially and technically at the periphery of the Company's exploration objectives.

As a consequence of this exercise, Orion Metals Limited has been able to adequately continue with ground based exploration, reduce overhead tenement costs by strategic tenement relinquishment, and continue to refine and enhance the existing tenement portfolios by new applications for highly prospective ground.

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

On a Project level, activities have been summarised below, noting the addition of a new project in east Queensland, Mt Ramsay Project.

Tanami West Project (formerly Killi Killi Hills)

There has been no field work conducted across this Project due to on-going heritage negotiations with the Kimberley Land Council, representing the Tjurabalan People. Leases comprising the Tanami West Project remains the Companies most prospective REE tenure. In recognition of this fact, 4 new tenement applications have been made across territory considered highly prospective for REE.

As part of the Companies rationalisation plan, high cost tenement E80/4596 was relinquished.

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DIRECTORS' REPORT

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

Mt Surprise Project (formerly Fulford Project)

Helicopter supported reconnaissance stream, soil and rock chip sampling across the Project area yielded good first pass tin, tungsten, and rare earth results. The program identified several anomalous areas which warrants further work.

Overall, the area remains an outstanding exploration target for a granite hosted greisen, and vein/stockwork type tin-tungsten mineralisation and hydrothermal REE occurrences.

New tenement, EPM 18331 comprising of 126 square km, was granted in July 2014. While the exploration access agreement to EPM 17011 and EPM 17891 with J.W.Withers was terminated.

Top Camp Project

Efforts this year have been to ascertain the potential alluvial gold opportunity. A gravity survey was used to map out palaeo-channel geometries, and provide some indications of material volumes. Up to 2 km of palaeo-channel extent has been determined with channel depths achieving 15 metres. Orion Metals believes there is a significant business opportunity for bulk alluvial gold extraction.

Mt Ramsay Project

Single tenement EPM 25677, granted in August 2014 comprises Mt Ramsay Project. The tenement is located in the Rockhampton mining district of Queensland, and was identified as hosting an alkaline intrusive complex. Rocks of this nature are highly prospective for rare earth elements. Unfortunately, with budget restrictions, no field work was undertaken this year though remains a high priority exploration area

Broughton Creek Project

This Project was subject to a JV with Broughton Minerals P/L. Despite encouraging grass roots gold and base metal results, it was determined as being a high cost investment by the Board. Orion Metals withdrew from the JV in August 2014.

6. OUTLOOK

A tightly constrained 2015-16 exploration budget has been constructed to guide the Company through this anticipated period of tight monetary opportunity. This financial year, the exploration programme will focus on a potential development opportunity at Top Camp Project, while on-ground exploration activities across the broader Project areas will cease until future funding options are explored.

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

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

Market demand for strategic metals, rare earth elements and gold remains firm despite other commodities downward trends. The Directors of Orion Metals will continue to seek further opportunities to expand its REE and gold prospects, and look towards any development options within its Projects portfolio's to generate cash.

Tenements prospective for REE will form the basis for tenement application and acquisition in Western Australia and Queensland will remain high on the agenda for ORM in 2015 as it strives for REE discovery.

Directors will continue investigating potential sources of funding to enable the consolidated entity to continue operations and carry out its exploration programmes over the next twelve months.

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. Complimentary 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 28 February 2015 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	8	7
Ms Yanchun Wang	8	3
Bin Cai	8	8
Dr Tao Li (resigned 31 December 2014)	8	3
Dr Michelle Li (appointed 2 February 2015)	0	0

** at which eligible to attend*

Dr Tao Li and Dr Michelle Li represent 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 1.0 cent on 28 February 2015.

The table below sets out summary information about the Company's earnings and movements in shareholders' wealth for the five years to 28 February 2015:

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DIRECTORS' REPORT

15. REMUNERATION REPORT – AUDITED (Cont'd)

Description	28 February 2015	28 February 2014	28 February 2013	29 February 2012	28 February 2011
Revenue	-	-	\$31,926	\$8,719	\$2,502
Net profit/(loss) before tax	(\$1,645,771)	\$(675,689)	\$(1,469,921)	\$(1,502,405)	\$(1,423,847)
Net profit/(loss) after tax	(\$1,645,771)	\$(675,689)	\$(1,469,921)	\$(1,502,405)	\$(1,423,847)
Basic earnings/(loss) per share (cents)	(1.56)	(0.73)	(1.68)	(1.89)	(2.66)
Change in share price (cents) *	(1.8)	(4.7)	(1.0)	(12.5)	5.0

* 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.

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 Tao Li (Non executive Director, resigned 31/12/14), Dr Michelle Li (Non executive Director, appointed 2/2/15), Company Secretary Mr Bill Lyne, and Exploration Manager Mr Peter Brookes.

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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 Superannuation	Total	Performance Related %	% consisting of options
	Salary & fees	Bonus					
	\$	\$	\$	\$	\$	%	%
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 (appointed 2/2/15)	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 \$114,000 owing to directors for directors' fees. There were no other transactions with or loans outstanding to key management personnel for the year.

2014 Remuneration

	Short-term employee benefits		Share Based Remuneration Equity Settled Options*	Post Employment Benefits Superannuation	Total	Performance Related %	% consisting of options
	Salary & fees	Bonus					
	\$	\$	\$	\$	\$	%	%
Directors							
Dr C Yue	48,000	-	-	-	48,000	-	-
Ms Y Wang	36,000	-	-	-	36,000	-	-
B Cai	86,000	-	-	4,584	90,584	-	-
Dr T Li	36,000	-	-	-	36,000	-	-
Other Key Management Personnel							
B. Lyne (Company Secretary)	40,714	-	-	-	40,714	-	-
P Brookes (Exploration Manager) (Appointed 21/10/13)	73,579	-	-	6,806	80,385	-	-
C Creagh (Chief Operating Officer) (Resigned 22/11/13) *	170,058	-	-	15,581	185,639	-	-
P Huang (General Manager) (Resigned 22/11/13)	45,932	-	-	4,199	50,131	-	-
Total	536,283	-	-	31,170	567,453	-	-

ORION METALS LIMITED
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DIRECTORS' REPORT

15. REMUNERATION REPORT – AUDITED (Cont'd)

Shareholdings of key management personnel

	Balance 1 March	Received as Remuneration	Options exercised	Net change other	Balance 28 February
2015					
Directors					
C Yue	64,547,576	-	-	41,035,000	* 105,582,576
Y Wang	50,817,948	-	-	41,035,000	* 91,852,948
B Cai	6,250	-	-	-	6,250
Dr T Li (resigned 31/12/14)	-	-	-	-	-
Dr M Li (appointed 2/2/15)	-	-	-	-	-
<i>* Includes 91,852,948 held by Australia Conglin International Investment Group Pty Ltd</i>					

Other Key Management Personnel

P Brookes	-	-	-	-	-
B Lyne	-	-	-	-	-
	64,553,826	-	-	41,035,000	105,588,826

Option holdings of key management personnel

	Balance 1 March	Received as Remuneration	Options exercised	Net change other	Balance 28 February
2015					
Directors					
C Yue	-	-	-	-	-
Y Wang	-	-	-	-	-
B Cai	-	-	-	-	-
Dr T Li (resigned 31/12/14)	500,000	-	-	(500,000)	-
Dr M Li (appointed 2/2/15)	-	-	-	-	-
Other Key Management Personnel					
P Brookes	-	-	-	-	-
B Lyne	-	-	-	-	-

ORION METALS LIMITED
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DIRECTORS' REPORT

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.

Remuneration Options

No Key Management Personnel options were granted as remuneration during the year. (2014: Nil) There were no cash bonuses or share based payment options granted during the year (2014: 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.

**ORION METALS LIMITED
ACN 096 142 737**

DIRECTORS' REPORT

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 (Cwlth) does not require disclosure of the information in these circumstances.

The Company has not indemnified or insured its auditor.

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 28 February 2015 has been received and forms part of this directors' report and can be found on page 17.

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

Signed:



**BIN CAI
Director**

23 April 2015

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 28 February 2015, 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 J Whyte

Director

BDO Audit Pty Ltd

Brisbane, 23 April 2015

ORION METALS LIMITED
ACN 096 142 737

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2015

	Note	2015	2014
		\$	\$
Depreciation expense	12	(2,779)	(1,393)
Other expenses	6	(170,379)	(202,335)
Personnel expenses	6	(509,763)	(690,667)
Write off of exploration and evaluation assets	13	(984,996)	-
Loss from operating activities		(1,667,917)	(894,395)
Finance income	5	22,146	68,699
Finance costs		-	-
Net finance income		<u>22,146</u>	<u>68,699</u>
Profit/(loss) before income tax		(1,645,771)	(825,696)
Income tax benefit	7	-	150,007
Profit/(loss) after income tax		<u>(1,645,771)</u>	<u>(675,689)</u>
Other comprehensive income		-	-
Total comprehensive income		<u>(1,645,771)</u>	<u>(675,689)</u>
Profit/(loss) attributable to: the owners of the company		<u>(1,645,771)</u>	<u>(675,689)</u>
Total comprehensive income attributable to: the owners of the company		<u>(1,645,771)</u>	<u>(675,689)</u>
Basic earnings/(loss) per share (cents per share)	17	(1.56)	(0.73)
Diluted earnings/(loss) per share (cents per share)	17	(1.56)	(0.73)

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 28 FEBRUARY 2015

	Note	2015 \$	2014 \$
Current Assets			
Cash and cash equivalents	8	858,708	1,207,445
Trade and other receivables	9	24,460	161,438
Other assets	10	7,964	8,254
Total Current Assets		891,132	1,377,137
Non-Current Assets			
Property, plant and equipment	12	6,070	4,769
Exploration and evaluation assets	13	1,714,941	1,829,079
Total Non-Current assets		1,721,011	1,833,848
TOTAL ASSETS		2,612,143	3,210,985
Current Liabilities			
Trade and other payables	14	202,196	142,802
Employee benefits		28,794	26,532
Total Current Liabilities		230,990	169,334
TOTAL LIABILITIES		230,990	169,334
Net Assets		2,381,153	3,041,651
Equity			
Issued capital	15	13,568,283	12,583,010
Reserves	16	467,838	467,838
Accumulated losses		(11,654,968)	(10,009,197)
Total equity		2,381,153	3,041,651

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 28 FEBRUARY 2015

	Issued Capital \$	Options reserve \$	Accumulated losses \$	Totals \$
Balance at 1 March 2013	12,573,010	467,838	(9,333,508)	3,707,340
Profit /(Loss) after income tax	-	-	(675,689)	(675,689)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(675,689)	(675,689)
Transactions with owners, recorded directly with equity				
Shares issued during the year	10,000	-	-	10,000
Share issue costs	-	-	-	-
Balance at 28 February 2014	12,583,010	467,838	(10,009,197)	3,041,651
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

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

ORION METALS LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2015

	Note	2015 \$	2014 \$
Cash Flows From Operating Activities			
Receipts from customers and GST		71,139	90,674
R & D tax refund		150,007	212,214
Payments to suppliers and employees		(676,418)	(971,668)
Interest received		27,257	73,254
Net Cash Provided By/ (Used In) Operating Activities	22	<u>(428,015)</u>	<u>(595,526)</u>
Cash Flows From Investing Activities			
Payment for property, plant and equipment		(4,080)	(1,177)
Payment for exploration and evaluation assets		(901,915)	(494,794)
Net Cash Provided By/ (Used In) Investing Activities		<u>(905,995)</u>	<u>(495,971)</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>985,273</u>	<u>-</u>
Net Increase/(Decrease) In Cash and Cash Equivalents		(348,737)	(1,091,497)
Cash and Cash Equivalents opening balance		<u>1,207,445</u>	<u>2,298,942</u>
Cash and Cash Equivalents closing balance	8	<u>858,708</u>	<u>1,207,445</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 28 FEBRUARY 2015

1 REPORTING ENTITY

The financial statements of Orion Metals Limited for the year ended 28 February 2015 were authorised for issue in accordance with a resolution of the directors on 23 April 2015 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 28 FEBRUARY 2015

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 28 February 2015 of \$1,645,771 and a net cash outflow from operations of \$428,015. At 28 February 2015, the Group's current assets exceeded its current liabilities by \$660,142.

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. It has received from its largest shareholder and Executive Chairman and CEO Mr Conglin Yue written assurance of financial support for the next twelve months to enable it to continue as a going concern.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied by all entities in the Consolidated Entity.

A. Basis of consolidation

The consolidated financial statements comprise the financial statements of Orion Metals Limited and its subsidiaries for the year ended 28 February 2015 ("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.

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.

ORION METALS LIMITED
ACN 096 142 737

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

F. 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.

G. 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.

H. 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.

I. Equity Settled Share Based Compensation

The Consolidated Entity issues 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.

ORION METALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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.

ORION METALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 2014. 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.

	Consolidated Entity 2015	Consolidated Entity 2014
	\$	\$
5 REVENUE AND OTHER INCOME		
Total finance income	22,146	68,699
	<hr/> 22,146	<hr/> 68,699

ORION METALS LIMITED
ACN 096 142 737

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015

	Consolidated Entity	Consolidated Entity
	2015	2014
	\$	\$
6 EXPENSES		
Profit/(loss) before income tax expense has been determined after:		-
Rental and office expenses		-
Audit and accountancy fees	53,735	83,639
Legal fees	16,302	17,829
Share registry expenses and listing fees	36,661	33,685
Insurance	30,117	28,908
Travel and accommodation	9,518	18,879
Other miscellaneous costs	24,046	19,395
Administrative expenses	170,379	202,335
<i>Employee expenses:</i>		
Salaries and on-costs	262,542	472,398
Directors fees and consultancy fees	247,221	218,269
	509,763	690,667
7 INCOME TAX		
Components of tax expense/(benefit) comprise:		
Current tax	-	(150,007)
Deferred tax	-	-
Income Tax Expense/(Benefit)	-	(150,007)
<i>Numerical reconciliation of income tax benefit to prima facie tax payable</i>		
Loss from operations for the year	1,645,771	825,696
The prima facie income tax benefit on loss before income tax at a tax rate of 30% (2014: 30%)	493,731	247,708
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not recognised on current year loss	(493,731)	(247,708)
R & D tax offset	-	150,007
Total income tax benefit	-	150,007

ORION METALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015

	Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
7 INCOME TAX (Cont'd)		
<i>Net unrecognised deferred tax assets</i>		
Net Deductible temporary differences	29,372	308,786
Exploration and evaluation expenditure	(514,482)	(548,724)
Unused tax losses	4,882,543	4,403,893
Net unrecognised deferred tax asset	4,397,433	4,163,955
 <i>Gross amounts of items in net unrecognised deferred tax assets</i>		
Net Deductible temporary differences	97,906	1,029,287
Exploration and evaluation expenditure	(1,714,941)	(1,829,079)
Unused tax losses	16,275,145	14,679,643
Total unrecognised deferred tax assets	14,658,110	13,879,851
<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	858,708	1,207,445
 9 TRADE & OTHER RECEIVABLES		
R & D tax concession	-	150,007
Other debtors	24,460	11,431
	24,460	161,438
<p>No receivables are past due or impaired (2014: nil) no collateral is held (2014:nil)</p>		
 10 OTHER ASSETS		
Current		
Deposits	2,578	2,578
Prepayments	5,386	5,676
	7,964	8,254

ORION METALS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015

	Consolidated Entity	Consolidated Entity
	2015	2014
	\$	\$
11 AVAILABLE FOR SALE FINANCIAL ASSETS		
Investments	1,144,058	1,144,058
Accumulated impairment	(1,144,058)	(1,144,058)
	-	-
	-	-

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

12 PLANT & EQUIPMENT

Plant & equipment at cost	31,837	27,757
Accumulated depreciation and impairment	(25,767)	(22,988)
	6,070	4,769
	6,070	4,769

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	4,769	4,985
Additions	4,080	1,177
Depreciation	(2,779)	(1,393)
Balance at the end of the year	6,070	4,769
	6,070	4,769

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	1,829,079	1,278,823
Additions	870,858	550,256
Write off	(984,996)	-
Balance at the end of the year	1,714,941	1,829,079
	1,714,941	1,829,079

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.

During the year the Consolidated Entity withdrew from the Broughton Creek Project, resulting in a write off of \$681,687 in relation to this project. The Consolidated Entity also withdrew from a number of other tenements, resulting in further write off of \$303,309.

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FOR THE YEAR ENDED 28 FEBRUARY 2015

	Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
14 TRADE AND OTHER PAYABLES		
Trade payables and accruals	202,196	142,802
	202,196	142,802

15 ISSUED CAPITAL		
145,097,443 (2014: 92,347,443) fully paid ordinary shares	13,784,719	12,747,219
Transaction costs relating to share issues (net of tax)	(216,436)	(164,209)
	13,568,283	12,583,010

	Consolidated entity 2015		Consolidated entity 2014	
	#	\$	#	\$
Ordinary shares				
Balance at the beginning of the year	92,597,443	12,583,010	92,347,443	12,573,010
Share issues	52,500,000	1,037,500	250,000	10,000
Share issue costs	-	(52,227)	-	-
Balance at the end of the year	145,097,443	13,568,283	92,597,443	12,583,010

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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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 2014.

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

Details of the options outstanding as at the end of the year:

Grant Date	Expiry Date	Exercise price	Consolidated entity and Parent Entity 2015	Consolidated entity and Parent Entity 2014
1 July 2011	1 July 2014	20 cents	-	500,000
			-	500,000

16 RESERVES

	Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
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

	2015 (Number)	2014 (Number)
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	105,809,772	92,415,936
	2015 \$	2014 \$
Net loss after tax used in calculating basic earnings per share	<u>1,645,771</u>	<u>675,689</u>
Net loss after tax used in calculating diluted earnings per share	1,645,771	675,689

Options are considered to be "potential ordinary shares" but were anti-dilutive in nature and therefore the diluted loss per share is the same as the basic loss per share.

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18 CONTROLLED ENTITIES

Investments in controlled entities

	Country of incorporation	% ownership 2015	% ownership 2014	Class of shares
Rich Resources Investments Pty Ltd	Australia	100%	100%	Ord
Broughton Orion Pty Ltd	Australia	100%	100%	Ord

19 COMMITMENTS FOR EXPENDITURE

Commitments for maintaining exploration tenements payable

	Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
- Not longer than 1 year	-	215,576
- Longer than 1 year but not longer than 5 years	779,081	228,769
- Longer than 5 years	-	-
	779,081	444,345

Tenement rentals

	Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
- Not longer than 1 year	88,202	46,828
- Longer than 1 year but not longer than 5 years	158,817	80,323
- Longer than 5 years	-	-
	247,019	127,151

Broughton farm-in expenditure

	Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
- Not longer than 1 year	-	392,113
- Longer than 1 year but not longer than 5 years	-	1,250,000
- Longer than 5 years	-	-
	-	1,642,113

In September 2011 the Company entered into a Farm-In and Joint Venture Agreement (JVA) with Broughton Minerals Pty Ltd (BO). Under the terms of the Agreement, Broughton Minerals Pty Ltd is the registered holder and beneficial owner of tenements in the Broughton Creek prospect (the Project) and the Company has the right to acquire up to a 90% interest the Project in exchange for:

- A payment to BO of \$150,000
- The issue of shares to BO, and
- An agreed expenditure commitment in three stages to 31 August 2021 of up to \$6million.

This agreement was terminated in August 2014.

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NOTES TO THE FINANCIAL STATEMENTS
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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 2015 \$	Consolidated entity 2014 \$
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21 RELATED PARTIES

Key management personnel compensation

Short term employee benefits	477,901	536,283
Post-employment benefits	23,647	31,170
	501,148	567,453

22 CASH FLOW INFORMATION

Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
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Reconciliation of cash flow from operations with profit / (loss) after tax

Profit / (loss) after tax	(1,645,771)	(675,689)
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Non-cash flows:

Depreciation	2,779	1,393
Write off of exploration and evaluation expenditure	984,996	-
	(657,996)	(674,296)

Changes in operating assets and liabilities

Decrease in receivables	131,567	65,122
Decrease/(increase) in other assets	5,401	(2,482)
Increase in creditors and payables	90,751	1,709
Increase in employee entitlements	2,262	14,421
	(428,015)	(595,526)

Net cash used in operating activities

	(428,015)	(595,526)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2015

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.

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 2015	Consolidated Entity 2014
	\$	\$
Sensitivity		
Cash and cash equivalents and other financial assets	858,708	1,207,445
Effect on profit or loss before taxes		
Increase 0.25%	2,147	3,018
Decrease 0.25%	(2,147)	(3,018)

(ii) Price risk management

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

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NOTES TO THE FINANCIAL STATEMENTS
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23 FINANCIAL INSTRUMENTS (Cont'd)

Liquidity risk management

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

At 28 February 2015 and 28 February 2014 the only financial liabilities of the Consolidated Entity were trade payables and accruals. All trade payables and accruals have a contractual maturity of 6 months or less.

Credit risk management

In relation to financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under a contract or arrangements. Credit risk for the Consolidated Entity arises from cash and cash equivalents and outstanding receivables. The Consolidated Entity is not exposed to any material credit risks and only 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.

24 AUDITORS REMUNERATION

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

	Consolidated Entity 2015 \$	Consolidated Entity 2014 \$
	37,510	37,639
	37,510	37,639
Amounts paid/payable for tax services	-	1,000
	-	1,000

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NOTES TO THE FINANCIAL STATEMENTS
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25 SHARE-BASED PAYMENTS

No options were issued during the years ended 28 February 2013 and 2014.

On 1 July 2011, 500,000 options were granted to a director. These options vested immediately, were exercisable at 20 cents and expired on 1 July 2014.

Consolidated Entity

	2015		2014	
	No. of options	Weighted average exercise price	No. of options	Weight ed average exercise price
Outstanding at beginning of year	500,000	20.0 cents	500,000	20.0 cents
Granted	-	-	-	-
Forfeited	(500,000)	20.0 cents	-	-
Exercised	-	-	-	-
Outstanding at year-end	-	-	500,000	20.0 cents
Exercisable at year-end	-	-	500,000	20.0 cents

26 SUBSEQUENT EVENTS

There have been no other 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 group in future financial years.

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NOTES TO THE FINANCIAL STATEMENTS
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27 PARENT ENTITY DISCLOSURES

	2015	2014
	\$	\$
Result of parent entity		
Profit/loss for the year	(1,078,687)	(1,123,009)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income	(1,078,687)	(1,123,009)
 Financial position of parent entity at year end		
Current Assets	878,152	1,349,399
Total assets	1,417,798	1,438,345
 Current Liabilities	 214,968	 142,101
Total liabilities	214,968	142,101
 Total equity of the parent entity comprising :		
Issued capital	13,568,283	12,583,010
Reserves	467,838	467,838
Accumulated losses	(12,833,291)	(11,754,604)
Total equity	1,202,830	1,296,244

The Company's contingencies and commitments comprise tenement rentals and commitments for maintaining exploration tenements. The total commitments as at 28 February 2015 are \$283,781 (2014: \$84,235)

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

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DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, including :-
 - (a) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position as at 28 February 2015 and performance for the year ended on that date of the consolidated entity,
2. The financial statements also comply with International Financial Reporting Standards as disclosed in note 2.
3. The Remuneration Report as set out in the Directors' Report complies with Section 300A of The Corporations Act 2001.
4. The Chief Executive Officer and Chief Financial Officer have declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Australian Accounting Standards (including Australian Accounting Interpretations); and
 - (c) the financial statements and notes for the financial year give a true and fair view.
5. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



BIN CAI
Director

Dated this 23rd day of April 2015

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 28 February 2015, 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 28 February 2015 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 28 February 2015. 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 28 February 2015 complies with section 300A of the Corporations Act 2001.

BDO Audit Pty Ltd





A J Whyte
Director

Brisbane, 23 April 2015