ORION METALS LIMITED

ACN 096 142 737

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

ORION METALS LIMITED
ACN 096 142 737

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 2017.

1. THE DIRECTORS

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

Dr Yi Yang	***Non-Executive Chairman***
	Appointed 22 July 2016
Qualifications	PhD in Philosophy
Experience	Dr Yi Yang was previously a government officer in the Central China Government and is now a director of numerous enterprises in China. He has many years' experience as a fund manager who managed up to RMB1 billion and AUD200 million. Dr Yang was the founder and Executive Chairman of Beijing Wayield Investment Co., Ltd in 2004 that has financially backed Excellence Holdings HK Limited in which he has a 50% interest and is a director. Wayield Investment is a registered financial institution by the Asset Management Association of China.
Special responsibilities	Chairman
Interest in Shares and Options	200,000,000 shares & 200,000,000 options held by Excellence Holdings HK Limited
Directorships held in other listed entities	None

Dr Feng Wu	***Executive Director (Compliance)***
	Appointed 22 July 2016
Qualifications	PhD in Law
Experience	Dr Feng Wu was previously a Prosecutor of the Supreme People's Procuratorate of China. He founded a successful law practice in China in 2000 and provides services for state owned enterprises and large businesses. He is a director of several other companies in China and is also Executive Chairman of Beijing Electronics Technology Ruida Co., which is a subsidiary of China Electronics Corporation, the largest Chinese state owned IT enterprise and a global top 500 IT company. Dr Wu also has a 50% interest in Excellence Holdings and is a director.
Special responsibilities	Compliance
Interest in Shares and Options	200,000,000 shares & 200,000,000 options held by Excellence Holdings HK Limited
Directorships held in other listed entities	None

1. THE DIRECTORS (Cont'd)

Mr Bo Wang	***Non-Executive Director*** *Appointed 22 July 2016*
Qualifications	B.Com. (Accounting) University of Canberra M. Management University of NSW
Experience	Mr Bo Wang has held several positions in Australian and Chinese companies and is currently Executive Chairman of Boran (Tianjin) Financial Leasing Pty Ltd. He is studying for a Doctor of Psychology at Peking University
Special responsibilities	None
Interest in Shares and Options	None
Directorships held in other listed entities	None

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

Mr Conglin Yue	***Executive Chairman*** *Resigned 22 July 2016*
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

1. THE DIRECTORS (Cont'd)

Ms Yanchun Wang	***Non-Executive Director***
	Resigned 22 July 2016
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
Dr Michelle Li	***Non-Executive Director***
	Resigned 18 March 2016.
Qualifications	PhD, GAICD
Experience	Dr Li is a mineral processing engineer and metallurgist with over 20 years' experience in the Australian mining sector. Her experience includes senior roles at Citic Pacific, Rio Tinto and Iluka Resources, as well as a senior project role at the Grange Resources Southdown project.
Special responsibilities	None
Company Secretary	Appointed 19 January 2010
Bill Lyne	
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

2. PRINCIPAL ACTIVITIES OF THE CONSOLIDATED ENTITY

The principal activity of the consolidated entity is the exploration for Rare Earth Elements (REE), including Heavy Rare Earth Elements (HREE), and gold. There have been no significant changes in the nature of the principal activities during the year.

3. OPERATING RESULTS

The net result of operations of the consolidated entity for the year ended 28 February 2017 was a loss of $2,536,861 (2016 – loss of $599,653) which included:

- write off of exploration and evaluation assets totalling $2,030,583 (2016: $108,418),
- personnel expenses of $367,235 (2016: $375,188), and
- other expenses of $144,588 (2016: $116,206).

Exploration expenditure during the year focussed on the Tanami West and Mt Surprise Projects and totalled $125,723 (2016: $298,337). All tenements were impaired or relinquished during the year resulting in a write off of $2,030,583 (2016: $108,418).

The consolidated entity's strategy for future years is presently under review. Directors are assessing the entity's portfolio of assets and determining whether to continue the exploration, evaluation and development of each mineral project, and/or to sell or relinquish non-core assets.

4. DIVIDENDS

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend since 28 February 2017 and to the date of this report.

5. REVIEW OF ACTIVITIES AND BUSINESS STRATEGIES

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

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

During 2016/2017, all exploration Projects were again reviewed broadly against tenement prospectivity and overall costs. As at the date of this report, Directors are continuing to assess the entity's portfolio of exploration assets. Due to the lack of planned substantive expenditure on the tenements at this point, the directors have been conservative and impaired all exploration assets as at 28 February 2017.

On a Project level, activities have been summarised below.

Tanami West Project

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

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

Mt Surprise Project

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

Top Camp Project

Remains the Company's most prospective Project with both the untested historic alluvial gold fields, and high quality primary iron oxide copper-gold (IOCG) targets, positioned on mining leases. Desktop studies and work on statutory and regulatory approvals dominated activities this last reporting period.

Mt Ramsay Project

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

6. OUTLOOK

Excellence Holdings HK Limited will undertake to provide continued financial support to Orion Metals Limited on their ongoing operations for the next twelve months. A 2017-2018 exploration budget has been constructed to guide the Company through this financial year. The exploration programme will focus on the Tanami West Project.

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

At the Annual General Meeting held on 21 July 2016 shareholders approved the issue of additional shares to Excellence Holdings HK Limited ('EH'), which took their shareholding interest in ORM to 57.95%. As a consequence of this increased shareholding by EH, the following Board changes occurred:

- Dr Yi Yang was appointed as a non-executive Director and Chairman of the Company, representing EH
- Dr Feng Wu, also representing EH, was appointed as a part-time executive Director with responsibility for compliance
- Mr Bo Wang was appointed as an independent non-executive Director
- Mr Conglin Yue resigned as a Director and CEO
- Ms Yanchun Wang resigned as a Director

Other than stated above, 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.

9. LIKELY DEVELOPMENTS

Orion Metals Ltd intends to conduct on-ground exploration activities at its Tanami West Project which comprises 6 exploration tenements – E80/4869, 4919, 4920, 4921, 4197, and E80/4029. Access to the tenements has been frustrated by the Kimberley Land Council's (KLC) approach to heritage protection. The Company is seeking an alternative approach to compliance with the State's Aboriginal heritage laws.

Directors will continue investigating potential sources of funding or any joint venture opportunity across all projects 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 places the health and safety of its people at work as the highest priority consideration above all others in the business environment. Orion's people are not only its staff and employees, but its various consultants and contractors.

Orion believes that a healthy workforce engaged in a safe and caring work environment, with a proactive safety culture will be a productive, and content workforce. We see this evolve towards improved business efficiency, and commercial success. We strive to create a culture where safety is a core value and where every individual takes responsibility for their own actions; and will act to prevent and stop unsafe occurrences or the actions of others.

In support of this policy, management accepts responsibility for the implementation of systems and processes to reduce safety risks in the workplace to as low as reasonably practicable. In order to achieve this goal, Orion has implemented an industry best practise HSE Management Plan. Complementary to this is a process of continued up-skilling of its workforce through industry and in-house education and training.

Orion's ultimate goal is the elimination of all incidents or events in the workplace which produce injury, harm, or damage.

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

11. ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity is subject to and 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.

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12. SHARES UNDER OPTION

On 21 July 2016 the Company issued 200,000,000 options outstanding with an exercise price of 0.5 cents each and an expiry date of 21 July 2018.

These options were outstanding as at 28 February 2017.

Shares issued on the exercise of options

No Orion Metals Limited ordinary shares were issued during the year ended 28 February 2017 as a result of the exercise of options over unissued shares in the Company.

13. DIRECTORS' MEETINGS

The number of directors' meetings held during the financial year and the number of meetings attended by each director whilst a director is as follows:

Director	Meetings of Directors Held *	Meetings of Directors Attended
Dr Yang Yi (appointed 22 July 2016)	3	3
Dr Feng Wu (appointed 22 July 2016)	3	3
Mr Bo Wang (appointed 22 July 2016)	3	2
Mr Bin Cai	5	5
Dr Conglin Yue (resigned 22 July 2016)	3	0
Ms Yanchun Wang (resigned 22 July 2016)	3	2
Dr Michelle Li (resigned 18 March 2016)	1	1

**** at which eligible to attend***

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

14. REMUNERATION REPORT – AUDITED

Remuneration Practices

The consolidated entity's policy for determining the nature and amount of remuneration of key management personnel, including Board members is set out below.

The remuneration structure for key management personnel, excluding non-executive directors, is set by the Board of Directors and is based on a number of factors including, market remuneration for comparable companies, particular experience of the individual concerned and overall performance of the consolidated entity. The contracts for service between the consolidated entity and key management personnel are on a continuing basis the terms of which are not expected to change in the immediate future. The consolidated entity retains the right to terminate contracts immediately by making payment of an amount based on the employee's years of service. Upon retirement or termination key management personnel, excluding non-executive directors, are paid employee benefits accrued to date of retirement or termination. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally cash but a mix of non-cash benefits may be considered appropriate by the Board of Directors.

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The board ensures that director and executive rewards satisfy the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency.

The consolidated entity has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

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.

14. REMUNERATION REPORT – AUDITED (Cont'd)

Relationship between remuneration and Company performance

Because the Company is in exploration and not production, there is no direct relationship between the Company's financial performance and the level of remuneration paid to key management personnel.

Given that the remuneration is commercially reasonable, the link between remuneration, Company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration. The Company may issue options to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the Company's shareholders.

Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment.

Except in so far as directors and other key management personnel hold options over shares in the Company, there is no relationship between remuneration policy and the Company's performance. The Company's share price was 0.025 cents on 28 February 2017.

The table below sets out summary information about the Company's earnings and movements in shareholders' wealth for the five years to 28 February 2017:

Description	**28 February 2017**	**29 February 2016**	**28 February 2015**	**28 February 2014**	**28 February 2013**
Revenue	$2,500	-	-	-	$31,926
Net profit/(loss) before tax	($2,536,861)	($599,653)	($1,645,771)	$(675,689)	$(1,469,921)
Net profit(loss) after tax	($2,536,861)	($599,653)	($1,645,771)	$(675,689)	$(1,469,921)
Basic earnings/(loss) per share (cents)	(0.93)	(0.41)	(1.56)	(0.73)	(1.68)
Change in share price (cents) *	(0.015)	(0.4)	(1.8)	(4.7)	(1.0)

* 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.

14. REMUNERATION REPORT – AUDITED (Cont'd)

Remuneration of the non-executive directors is approved by the Board and set in aggregate within the maximum amount approved by the shareholders from time to time. The fees have been determined by the Board having regard to industry practice and the need to obtain appropriately qualified independent persons. The aggregate pool of remuneration paid to Non-executive Directors was approved by shareholders in 2011 and is currently $300,000 per annum. The amount paid to non-executive directors in directors' fees and consulting fees while acting as non-executive directors is included in the table following.

The key management personnel of Orion Metals Limited and the consolidated entity includes the directors of the Parent Entity, Company Secretary Mr Bill Lyne, and Exploration Manager Mr Peter Brookes.

2017 Remuneration

	Short-term employee benefits		**Share Based Remuneration**	**Post Employment Benefits**	**Total**	**Performance Related %**	**% consisting of options**
	Salary & fees	Bonus	Equity Settled Options*	Superannuation			
	$	**$**	**$**	**$**	**$**	**%**	**%**
Directors							
Dr Yi Yang (appointed 22/7/16)	29,392	-	-	-	29,392	-	-
Dr Feng Wu (appointed 22/7/16)	24,493	-	-	-	24,493	-	-
Mr Bo Wang (appointed 22/7/16)	22,044	-	-	-	22,044	-	-
Mr B Cai	86,000	-	-	4,750	90,750	-	-
Dr C Yue (resigned 22/7/16)	18,838	-	-	-	18,838	-	-
Ms Y Wang (resigned 22/7/16)	14,129	-	-	-	14,129	-	-
Dr M Li (resigned 18/3/16)	1,742	-	-	165	1,907	-	-
Other Key Management Personnel							
B. Lyne (Company Secretary)	46,463	-	-	-	46,463	-	-
P Brookes (Exploration Manager)	100,002	-	-	7,044	107,046	-	-
Total	**343,103**	-	-	11,959	355,062		

As at balance date there was $150,896 (2016: $112,000) owing to directors for directors' fees. There were no other transactions with or loans outstanding to key management personnel for the year.

14. REMUNERATION REPORT – AUDITED (Cont'd)

2016 Remuneration

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

Shareholdings of key management personnel

	Balance 1 March	**Received as Remuneration**	**Options exercised**	**Net change other**	**Balance 28 February**
Directors					
Dr Yi Yang (appointed 22/7/16)	200,000,000*				200,000,000
Dr Feng Wu (appointed 22/7/16)	200,000,000*	-	-	-	200,000,000
Mr Bo Wang (appointed 22/7/16)	-	-	-	-	0
B Cai	6,250*	-	-	-	6,250

* held in related entities

Other Key Management Personnel					
P Brookes	0	-	-	-	0
B Lyne	0	-	-	-	0

Option holdings of key management personnel

Related entities of directors Yang and Wu were granted a total 200,000,000 options by shareholders on 21 July 2016.

There were no other options held by Key Management Personnel or their related entities at any time during the year.

14. REMUNERATION REPORT – AUDITED (Cont'd)

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

Name:	Peter Brookes
Title:	Exploration Manager
Agreement commenced:	22 August 2016
Term of agreement:	12 months to 22 August 2017
Details:	The Company has entered into an agreement with Peter Brookes to provide services on a part time basis at a rate of $800 per day and a minimum of four days per month. The agreement may be terminated by either party on the giving of one months' notice.
Name:	Bill Lyne
Title:	Company Secretary
Agreement commenced:	19 January 2010
Term of agreement:	Not specified
Details:	The Company has entered into an agreement with Company Secretarial Services Pty Ltd for Bill Lyne to provide services on an as required basis, and fees are paid to the that company (which is a related entity of Mr Lyne). No notice period has been specified.

Remuneration Options
No Key Management Personnel options were granted as remuneration during the year. (2016: Nil) There were no cash bonuses or share based payment options granted during the year (2016: nil).

END OF REMUNERATION REPORT

15. NON-AUDIT SERVICES

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

16. INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITOR

Each of the Directors and the Secretary of the Company have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and Secretary. The Company has insured all of the Directors and Officers of Orion Metals Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances.

The Company has not indemnified or insured its auditor.

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 2017 has been received and forms part of this directors' report and can be found on page 14.

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

Signed:

BIN CAI
Director

15 May 2017

AUDITOR'S DECLARATION OF INDEPENDENCE

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of Orion Metals Limited for the year ended 28 February 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Orion Metals Limited and the entities it controlled during the period.

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 15 May 2017

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

ORION METALS LIMITED
ACN 096 142 737

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2017

	Note	2017	2016
		$	$
Other income		2,500	-
Depreciation expense	11	-	(2,084)
Other expenses	6	(144,588)	(116,206)
Personnel expenses	6	(367,235)	(375,188)
Write off of exploration and evaluation assets	12	(2,030,583)	(108,418)
Write off of other assets		-	(3,986)
Loss from operating activities		(2,539,906)	(605,882)
Finance income	5	3,045	6,229
Finance costs		-	-
Net finance income		3,045	6,229
Profit/(loss) before income tax		(2,536,861)	(599,653)
Income tax	7	-	-
Profit/(loss) after income tax		(2,536,861)	(599,653)
Other comprehensive income			-
Total comprehensive income		(2,536,861)	(599,653)
Profit/(loss) attributable to: the owners of the company		(2,536,861)	(599,653)
Total comprehensive income attributable to: the owners of the company		(2,536,861)	(599,653)
Basic earnings/(loss) per share (cents per share)	16	(0.93)	(0.41)
Diluted earnings/(loss) per share (cents per share)	16	(0.93)	(0.41)

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 2017

	Note	2017 $	2016 $
Current Assets			
Cash and cash equivalents	8	**435,354**	**114,791**
Trade and other receivables	9	**1,210**	**6,777**
Other assets	10	**8,896**	**5,578**
Total Current Assets		**445,460**	**127,146**
Non-Current Assets			
Property, plant and equipment	11	**-**	**-**
Exploration and evaluation assets	12	**-**	**1,904,860**
Total Non-Current assets		**-**	**1,904,860**
TOTAL ASSETS		**445,460**	**2,032,006**
Current Liabilities			
Trade and other payables	13	**183,919**	**199,945**
Employee benefits		**37,468**	**50,561**
Total Current Liabilities		**221,387**	**250,506**
TOTAL LIABILITIES		**221,387**	**250,506**
Net Assets		**224,073**	**1,781,500**
Equity			
Issued capital	14	**14,547,717**	**13,568,283**
Reserves	15	**467,838**	**467,838**
Accumulated losses		**(14,791,482)**	**(12,254,621)**
Total equity		**224,073**	**1,781,500**

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

ORION METALS LIMITED
ACN 096 142 737

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2017

	Issued Capital $	Options reserve $	Accumulated losses $	Totals $
Balance at 1 March 2015	**13,568,283**	**467,838**	**(11,654,968)**	**2,381,153**
Profit /(Loss) after income tax	-	-	(599,653)	(599,653)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(599,653)	(599,653)
Transactions with owners, recorded directly with equity				
Shares issued during the year	-	-	-	-
Balance at 29 February 2016	**13,568,283**	**467,838**	**(12,254,621)**	**1,781,500**
Balance at 1 March 2016	**13,568,283**	**467,838**	**(12,254,621)**	**1,781,500**
Profit /(Loss) after income tax	-	-	(2,536,861)	(2,536,861)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(2,536,861)	(2,536,861)
Transactions with owners, recorded directly with equity				
Shares issued during the year	1,000,000	-	-	1,000,000
Share issue costs	(20,566)	-	-	(20,566)
Balance at 28 February 2017	**14,547,717**	**467,838**	**(14,791,482)**	**224,073**

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

ORION METALS LIMITED
ACN 096 142 737

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2017

	Note	2017	2016
		$	$
Cash Flows From Operating Activities			
Receipts from customers and GST		30,245	45,131
Payments to suppliers and employees		(533,106)	(515,376)
Interest received		3,045	6,229
Net Cash Provided By/ (Used In) Operating Activities	21	(499,816)	(464,016)
Cash Flows From Investing Activities			
Payment for property, plant and equipment		-	-
Payment for exploration and evaluation assets		(159,055)	(279,901)
Net Cash Provided By/ (Used In) Investing Activities		(159,055)	(279,901)
Cash Flows From Financing Activities			
Proceeds from issues of equity securities		1,000,000	-
Payments for share issue costs		(20,566)	-
Net Cash Provided By/ (Used In) Financing Activities		979,434	-
Net Increase/(Decrease) In Cash and Cash Equivalents		320,563	(743,917)
Cash and Cash Equivalents opening balance		114,791	858,708
Cash and Cash Equivalents closing balance	8	435,354	114,791

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

1 REPORTING ENTITY

The financial statements of Orion Metals Limited for the year ended 28 February 2017 were authorised for issue in accordance with a resolution of the directors on 15 May 2017 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.

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 2017 of $2,536,861 (2016: $599,653) after an impairment of exploration and evaluation assets of $2,030,583 (2016: $108,418). The net cash outflow from operations for the year was $499,816 (2016: $464,016). At 28 February 2017, the Group's current assets exceeded its current liabilities by $224,073 (2016: current liabilities exceeded current assets by $123,360). This includes $150,896 owing to directors (2016: $112,000).

The Company raised $1,000,000 during the year from the issue of 200,000,000 shares to Excellence Holdings HK Ltd (EH). EH were also issued 200,000,000 options with a term of 2 years and an exercise price of $0.005. These options are not listed on the ASX. EH is committed to providing ongoing financial support to the Group.

The ability of the consolidated entity to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent on its ability to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development. These circumstances give rise to the existence of a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

3 SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of consolidation

The consolidated financial statements comprise the financial statements of Orion Metals Limited and its subsidiaries for the year ended 28 February 2017 ("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.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Income tax

The charge for current income tax expense is based on the profit/loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in the profit or loss, except where it relates to items recognised in the other comprehensive income or directly in equity. In this case the tax is recognised in the other comprehensive income or directly in equity respectively.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or tax losses can be utilised.

C. Plant and Equipment

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Exploration and Evaluation Expenditure

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

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

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

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

E. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

F. Impairment of Financial Assets

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

G. Impairment of Non-Financial Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Equity Settled Share Based Compensation

The Consolidated Entity may issue equity-settled share-based payments to directors and employees. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a valuation which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instrument that eventually vest.

I. 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.

J. 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).

K. 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.

L. 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.

M. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. 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.

O. 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 2016. 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 2017	Consolidated Entity 2016
	$	$
5 REVENUE AND OTHER INCOME		
Other income	**2,500**	**-**
Finance income	**3,045**	**6,229**
	5,545	**6,229**
6 EXPENSES		
Profit/(loss) before income tax expense has been determined after:		
Audit and accountancy fees	**45,534**	**46,149**
Legal fees	**21,941**	**1,104**
Share registry expenses and listing fees	**32,870**	**31,010**
Insurance	**15,546**	**15,306**
Travel and accommodation	**953**	**1,795**
Other miscellaneous costs	**27,744**	**20,842**
Administrative expenses	**144,588**	**116,206**
Employee expenses:		
Salaries and on-costs	**161,915**	**167,040**
Directors fees and consultancy fees	**205,320**	**208,148**
	367,235	**375,188**
7 INCOME TAX		
Components of tax expense/(benefit) comprise:		
Current tax	**-**	**-**
Deferred tax	**-**	**-**
Income Tax Expense/(Benefit)	**-**	**-**
Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from operations for the year	**(2,536,861)**	**599,653**
The prima facie income tax benefit on loss before income tax at a tax rate of 30% (2015: 30%)	**761,058**	**179,896**
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not recognised on current year loss	**(761,058)**	**(179,896)**
Total income tax benefit	**-**	**-**

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
7 INCOME TAX (Cont'd)		
Net unrecognised deferred tax assets		
Net Deductible temporary differences	**32,161**	**34,589**
Exploration and evaluation expenditure	**-**	**(571,458)**
Unused tax losses	**5,313,227**	**5,115,031**
Net unrecognised deferred tax asset	**5,345,388**	**4,578,162**
Gross amounts of items in net unrecognised deferred tax assets		
Net Deductible temporary differences	**107,202**	**115,298**
Exploration and evaluation expenditure	**-**	**(1,904,860)**
Unused tax losses	**17,710,756**	**17,050,104**
Total unrecognised deferred tax assets	**17,817,958**	**15,260,542**

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.
The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.
The consolidated entity has no franking credits.

8 CASH AND CASH EQUIVALENTS AND OTHER FINANCIAL ASSETS

	2017 $	2016 $
Cash at bank	**435,354**	**114,791**

9 TRADE & OTHER RECEIVABLES

	2017 $	2016 $
Other debtors	**1,210**	**6,777**
	1,210	**6,777**

No receivables are past due or impaired (2016: nil) no collateral is held (2016:nil)

10 OTHER ASSETS

Current

	2017 $	2016 $
Deposits	**2,578**	**2,578**
Prepayments	**6,318**	**3,000**
	8,896	**5,578**

	Consolidated Entity	Consolidated Entity
	2017	20156
	$	$

11 PLANT & EQUIPMENT

Plant & equipment at cost	-	12,150
Accumulated depreciation and impairment	-	(12,150)
	-	-

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

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

12 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	1,904,860	1,714,941
Additions	125,723	298,337
Write off	(2,030,583)	(108,418)
Balance at the end of the year	-	1,904,860

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

The Consolidated Entity's exploration and evaluation assets were fully impaired as at 28 February 2017, resulting in an Impairment expense for the year of $2,030,583 (2016:$108,418). The exploration and evaluation assets were fully impaired at 28 February 2017 as no substantive exploration and evaluation expenditure was panned or budgeted at that date.

	Consolidated Entity 2017 $	Consolidated Entity 2016 $

13 TRADE AND OTHER PAYABLES

Trade payables and accruals	**183,919**	**199,445**
	183,919	**199,445**

14 ISSUED CAPITAL

345,097,443 (2016: 145,097,443) fully paid ordinary shares	**14,784,719**	**13,784,719**
Transaction costs relating to share issues (net of tax)	**(237,002)**	**(216,436)**
	14,547,717	**13,568,283**

	Consolidated entity 2017		Consolidated entity 2016	
	#	$	#	$
Ordinary shares				
Balance at the beginning of the year	**145,097,443**	**13,568,283**	**145,097,443**	**13,568,283**
Share issues	**200,000,000**	**1,000,000**	**-**	**-**
Share issue costs	**-**	**(20,566)**	**-**	**-**
Balance at the end of the year	**345,097,443**	**14,547,717**	**145,097,443**	**13,568,283**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Share buy-back
There is no current on-market share buy-back.

14 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 2016.

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

15 RESERVES

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Options reserve		
Opening balance	**467,838**	**467,838**
Options issued	**-**	**-**
Closing balance	**467,838**	**467,838**

The option reserve account is to account for share based payments

16 EARNINGS PER SHARE

	2017 (Number)	2016 (Number)
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**271,672,785**	**145,097,443**

	2017 $	2016 $
Net loss after tax used in calculating basic earnings per share	**2,536,861**	**599,653**
Net loss after tax used in calculating diluted earnings per share	**2,536,861**	**599,653**

17 CONTROLLED ENTITIES

Investments in controlled entities

	Country of incorporation	% ownership 2017	% ownership 2016	Class of shares
Rich Resources Investments Pty Ltd	Australia	100%	100%	Ord
Broughton Orion Pty Ltd	Australia	100%	100%	Ord

18 COMMITMENTS FOR EXPENDITURE

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Commitments for maintaining exploration tenements payable		
- Not longer than 1 year	**269,351**	**-**
- Longer than 1 year but not longer than 5 years	**1,035,720**	**786,565**
- Longer than 5 years	**-**	**-**
	1,305,071	**786,565**
Tenement rentals		
- Not longer than 1 year	**106,488**	**91,144**
- Longer than 1 year but not longer than 5 years	**216,875**	**179,525**
- Longer than 5 years	**-**	**-**
	323,363	**270,669**

19 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.

20 RELATED PARTIES

	Consolidated entity 2017 $	Consolidated entity 2016 $
Key management personnel compensation		
Short term employee benefits	343,103	387,557
Post-employment benefits	11,959	21,931
	355,062	**409,488**

21 CASH FLOW INFORMATION

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Reconciliation of cash flow from operations with profit / (loss) after tax		
Profit / (loss) after tax	**(2,536,861)**	**(599,653)**
Non-cash flows:		
Depreciation	**-**	**2,084**
Write off of exploration and evaluation expenditure	**2,030,583**	**108,418**
Write off of other assets	**-**	**3,986**
	(506,278)	**(485,165)**
Changes in operating assets and liabilities		
Decrease in receivables	**5,867**	**17,683**
Decrease/(increase) in other assets	**(3,317)**	**2,385**
(Decrease)/increase in creditors and payables	**17,006**	**(20,687)**
(Decrease)/Increase in employee entitlements	**(13,094)**	**21,768**
Net cash used in operating activities	**(499,816)**	**(464,016)**

22 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.

22 FINANCIAL INSTRUMENTS (Cont'd)

Market risk

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

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

(i) Interest risk management

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

Interest rate sensitivity

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

	Consolidated Entity 2017	Consolidated Entity 2016
	$	**$**
Sensitivity		
Cash and cash equivalents and other financial assets	**435,354**	**114,791**
Effect on profit or loss before taxes		
Increase 0.25%	**1,088**	**287**
Decrease 0.25%	**(1,088)**	**(287)**

(ii) Price risk management

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

Liquidity risk management

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

At 28 February 2017 and 29 February 2016 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.

22 FINANCIAL INSTRUMENTS (Cont'd)

Credit risk management

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

Fair values

The carrying amounts of all financial assets and liabilities primarily comprising cash and cash equivalents, trade and other receivables, and trade and other payables are stated at their fair value.

23 AUDITORS REMUNERATION

	Consolidated Entity 2017 $	Consolidated Entity 2016 $
Amounts paid/payable for audit or review of the financial statements	**36,454**	**36,069**
	36,454	**36,069**
Amounts paid/payable for tax services	**-**	**-**
	36,454	**36,069**

24 SHARE-BASED PAYMENTS

On 21 July 2016 200,000,000 options were issued with an exercise price of 0.5 cents and an expiry date of 21 July 2018.

No options were issued during the year ended 29 February 2016.

Consolidated Entity

	2017		**2016**	
	No. of options	**Weighted average exercise price (cents)**	**No. of options**	**Weighted average exercise price (cents)**
Outstanding at beginning of year	-	-	-	-
Granted	200,000,000	0.5	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at year-end	200,000,000	0.5	-	-
Exercisable at year-end	200,000,000	0.5	-	-

25 SUBSEQUENT EVENTS

There have been no matters or circumstances that have arisen since the end of the year which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated group in future financial years.

26 PARENT ENTITY DISCLOSURES

	2017 $	2016 $
Result of parent entity		
Profit/loss for the year	(1,219,313)	(739,993)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income	(1,219,313)	(739,993)
Financial position of parent entity at year end		
Current Assets	444,345	124,310
Total assets	444,345	676,688
Current Liabilities	221,387	213,851
Total liabilities	221,387	213,851
Net Assets	222,958	462,837
Total equity of the parent entity comprising :		
Issued capital	14,547,717	13,568,283
Reserves	467,838	467,838
Accumulated losses	(14,792,597)	(13,573,284)
Total equity	222,958	462,837

The Company's contingencies and commitments comprise tenement rentals and commitments for maintaining exploration tenements. The total commitments as at 28 February 2017 are $ 673,386 (2016: $817,868).

The Company has not entered into any guarantees.

27 COMPANY DETAILS

The Company's registered office and principal place of business is located at:

35 Hamish Street, Calamvale, Qld 4116

Company Secretary : Bill Lyne

ORION METALS LIMITED

ACN 096 142 737

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001,including :-

    (a) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

    (b) giving a true and fair view of the financial position as at 28 February 2017 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 15th day of May 2017

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Orion Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Orion Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 28 February 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 28 February 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 2(d) in the financial report which describes the conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of exploration and evaluation assets

Key audit matter	***How the matter was addressed in our audit***
Refer to note 12 to the financial report for details. As at 28 February 2017, the Group has written off its exploration and evaluation assets of $2,030,583. The recoverability of the exploration and evaluation assets was considered a key audit matter due to: • the carrying value of exploration and evaluation expenditure represents a significant asset of the Group, we considered it necessary to assess whether the facts and circumstances existed to suggest that the carrying amount of this asset may exceed the recoverable amount; and • Determining whether impairment indicators exist involves significant judgement by management.	We enquired of management if any impairment indicators in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* have been identified across the Group's exploration projects, the indicators being: • Expiring, or imminently expiring, rights to tenure; • A lack of budgeted or planned exploration and evaluation spend on the areas of interest; • Discontinuation of, or a plan to discontinue, exploration activities in the areas of interest; and/or • Sufficient data exists to suggest carrying value of exploration and evaluation assets is unlikely be recovered in full through successful development or sale. We verified a sample of current tenement licences to determine that the group has the rights to tenure and maintains the tenements in good standing. We obtained the exploration budget for the 2018 year and noted that there is insufficient forecasted expenditure to confirm continued exploration spend into the projects. We also reviewed ASX announcements and Board meeting minutes for the year and subsequent to year end for exploration activity to identify any indicators of impairment.

Other information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 28 February 2017 which we obtained prior to the date of this

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auditor's report, and the annual report excluding the financial report and our auditor's report thereon, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 28 February 2017.

In our opinion, the Remuneration Report of Orion Metals Limited, for the year ended 28 February 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

A J Whyte
Director

Brisbane, 15 May 2017

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