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ORION METALS LIMITED

ACN 096 142 737

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 AUGUST 2023**

Orion Metals Limited

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Corporate information

Directors	Dr Yi Yang (Chairman, Non-Executive Director) Dr Feng Wu (Executive Director) Mr Yu Zhou (Non-Executive Director) Mr Bin Cai (Executive Director/CFO)
Company Secretary	John Lemon
Registered Office	221 Jesmond Road Fig Tree Pocket Queensland 4069
Contact Details	GPO Box 7115 Brisbane Qld 4001 Phone: +61 413 976 908 Email: admin@orionmetals.com.au
Share Registry	Link Market Services Limited Level 21 10 Eagle Street Brisbane Qld 4000 Telephone: + 61 2 8280 7111 Facsimile: + 61 2 9287 0303
Auditor	BDO Audit Pty Ltd Level 10 12 Creek Street Brisbane Qld 4000 Telephone: + 61 7 3237 5999 Facsimile: + 61 7 3221 9227
Lawyers	Ashurst Australia Level 38, Riverside Centre, 123 Eagle Street, Brisbane QLD 4000 Telephone: +61 7 3259 7000 Facsimile: +61 7 3259 7111
Stock Exchange Listing	Orion Metals Limited shares are quoted on the Australian Securities Exchange under the code 'ORM'
Website	www.orionmetals.com.au

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Orion Metals Limited

Directors' report

The Directors of Orion Metals Limited ('Orion', 'ORM' or 'the Company') submit herewith the interim financial report of the Company for the half-year ended 31 August 2023.

Directors

The names and details of the Directors of the Company in office during the half-year and until the date of this report are:

Dr Yi Yang (Non-Executive Chairman, Non-Executive Director)

Dr Feng Wu (Executive Director)

Yu Zhou (Non-Executive Director)

Bin Cai (Executive Director/CFO)

Principal activities

The principal activity of the Company had been the exploration for rare earth metals and gold. In December 2021 the remaining mining tenement interests were sold and the Company is currently looking to acquire new assets.

Review of operations

The Company recorded a loss after tax of \$283,088 for the half-year ended 31 August 2023 (31 August 2022: \$296,766). Exploration and Evaluation expense during the half-year was nil (2022: Nil).

During the period the Company's directors continued to concentrate on investigating the acquisition of new assets by the Company to increase value for the benefit of all shareholders and to source new funding arrangements as alternatives to the support which has been provided as loans by Director-related shareholders. To assist the Company, professional advisors have been mandated to advise on investment opportunities in mining or exploration assets that are in a more advanced or developed stage as well as any further capital raising that may be required by the Company to support its future activities.

The Company's shares remained suspended from trading on the Australian Securities Exchange (ASX) until the Company complies with various ASX listing rules, in particular the requirements of Chapter 11 of the ASX Listing Rules.

Corporate

There were no material corporate activities or changes during the half-year period ended 31 August 2023, or since that date, other than as stated in this report.

The Company's Annual General Meeting was held on 31 July 2023 at which all resolutions put to Shareholders were passed.

Subsequent events

The Company raised \$200,000 (before costs) through the issue of 43,478,261 shares at \$0.0046 (0.46 cents) per share through a private placement on 8 September 2023. The funds raised will be used for working capital. Otherwise no matters or circumstances have arisen since the end of the half-year period which significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the period under review.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the interim financial report.

Signed in accordance with a resolution of directors.

Orion Metals Limited

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

Mr. Bin Cai
Director

Brisbane, 14 November 2023

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Orion Metals Limited

Auditor's Independence Declaration As at 31 August 2023



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

As lead auditor for the review of Orion Metals Limited for the half-year ended 31 August 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'A J Whyte', is written over a circular stamp or seal.

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 14 November 2023

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Orion Metals Limited

Consolidated statement of financial position

As at 31 August 2023

	Note	\$ 31 August 2023	\$ 28 February 2023
Current assets			
Cash and cash equivalents		2,183	46,185
Other current assets		23,331	16,149
Total current assets		25,514	62,334
Total assets			
		25,514	62,334
Current liabilities			
Trade and other payables	4	1,406,835	1,198,955
Employee benefits		212,358	203,970
Related party payables		405,000	375,000
Total current liabilities		2,024,193	1,777,925
Total liabilities			
		2,024,193	1,777,925
Net liabilities			
		(1,998,679)	(1,715,591)
Equity			
Issued capital	5	15,547,717	15,547,717
Options reserve		467,838	467,838
Accumulated losses		(18,014,234)	(17,731,146)
Total deficit		(1,998,679)	(1,715,591)

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

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Orion Metals Limited

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 August 2023

	Notes	\$ 2023	\$ 2022
Other income		-	-
Share Registry expenses and listing fees		(27,671)	(26,475)
Salaries, wages and fees		(206,296)	(220,956)
Other administrative expenses		(49,121)	(50,844)
Exploration and evaluation expenses		-	-
		<u>(283,088)</u>	<u>(298,275)</u>
Finance income		-	-
Finance costs		-	1,499
Net finance income/(costs)		-	1,499
		<u>(283,088)</u>	<u>(296,776)</u>
Profit/(Loss) before income tax		(283,088)	(296,776)
Income tax expense		-	-
Profit/(loss) after income tax		(283,088)	(296,776)
Other comprehensive income			
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the period		<u>(283,088)</u>	<u>(296,776)</u>
Loss attributable to:			
Owners of the Company		<u>(283,088)</u>	<u>(296,776)</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>(283,088)</u>	<u>(296,776)</u>
Earnings per share			
Basic earnings per share		\$(0.0005)	\$(0.0005)
Diluted earnings per share		\$(0.0005)	\$(0.0005)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Orion Metals Limited

Consolidated statement of changes in equity For the half-year ended 31 August 2023

	Issued capital \$	Options reserve \$	Accumulated Losses \$	Total \$
Balance at 1 March 2023	15,547,717	467,838	(17,731,146)	(1,715,591)
Net loss	-	-	(283,088)	(283,088)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(283,088)	(283,088)
Transactions with owners, in their capacity as owners:				
Shares issued during the half-year	-	-	-	-
Balance at 31 August 2023	15,547,717	467,838	(18,014,234)	(1,998,679)
Balance at 1 March 2022				
Balance at 1 March 2022	15,547,717	467,838	(17,122,700)	(1,107,145)
Net loss	-	-	(296,776)	(296,776)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(296,776)	(296,776)
Transactions with owners, in their capacity as owners:				
Shares issued during the half-year	-	-	-	-
Balance at 31 August 2022	15,547,717	467,838	(17,419,476)	(1,403,921)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated statement of cash flows For the half-year ended 31 August 2023

	2023 \$	2022 \$
Cash flows from operating activities		
Receipts from other income & GST	14,490	14,635
Payments to suppliers and employees	(88,492)	(230,012)
Interest received	-	1,499
Net cash used in operating activities	<u>(74,002)</u>	<u>(213,878)</u>
Cash flows from investing activities		
Payments for exploration and evaluation assets	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from the issue of share capital	-	-
Proceeds from borrowings	30,000	-
Share issue costs	-	-
Net cash provided by/(used) by financing activities	<u>30,000</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(44,002)	(213,878)
Cash and cash equivalents at the beginning of the half-year	<u>46,185</u>	<u>328,481</u>
Cash and cash equivalents at the end of the half-year	<u><u>2,183</u></u>	<u><u>114,603</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompany notes.

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Notes to interim financial report for the half-year ended 31 August 2023

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1 Basis of preparation

Orion Metals Limited is domiciled in Australia. The consolidated interim financial report of the consolidated entity comprises the company and its controlled entities. The consolidated entity is a for-profit entity.

These general purpose financial statements for the interim half-year reporting period ended 31 August 2023 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The historical cost basis has been used.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 28 February 2023 and any public announcements made by Orion Metals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no material impact of adoption of any new standards. There are no standards that are not yet effective that would be expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions. The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

2 Operating segments

Identification of reportable operating segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity is managed primarily on a geographic basis, that is, the location of the respective areas of interest (tenements) in Australia.

Operating segments are determined on the basis of financial information reported to the board which is at the consolidated entity level. The consolidated entity does not have any products/services it derives revenue from.

Accordingly, management currently identifies the consolidated entity as having only one reportable segment, being exploration. There have been no changes in the operating segments during the period. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity as a whole.

3 Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Consolidated Entity has incurred a net loss after tax for the half-year ended 31 August 2023 of \$283,088 and a net cash outflow from operations of \$74,002. At 31 August 2023, the Consolidated Entity's current liabilities exceeded its current assets by \$1,998,679. This includes \$1,109,896 owing to directors.

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 continued support from the Ultimate Holding Company, Excellence Holdings HK Ltd. 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.

The Directors believe that the going concern basis of preparation is appropriate due to the following factors:

- Major shareholder, Excellence Holdings HK Ltd (the Ultimate Holding Company of the Group), has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements.
- \$1,109,896 of the payable balances relate to outstanding amounts owing to Directors. The directors have pledged to not call upon directors fees owed for the next 12 months or until such time that the company has sufficient funds to pay the directors fees. In addition, the Directors have indicated that, subject to the approval of the Company's shareholders, they are prepared to accept the issue to them of shares in the Company in lieu of some of the directors fees owing to them. It is anticipated that the requisite shareholder approval will be sought in due course.
- The Company is well advanced in the process of working towards doing another capital raising.

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.

4 Trade and other payables

	\$ 31 August 2023	\$ 28 February 2023
Trade and other payables		
Director fee payables	1,109,896	1,029,896
Superannuation Payable	23,318	15,471
Wages Payable	167,572	115,571
Trade Payables	68,041	375,000
Other	38,008	38,017
Total Trade and other payables	1,406,835	1,573,955

5 Contributed equity

	31 August 2023	28 February 2023
	\$	\$
545,097,443 (28 February 2023: 545,097,443) fully paid ordinary shares	15,547,717	15,547,717

Movements in ordinary share capital

Details	Date	Shares	Issue Price	\$
Balance at the beginning of the period		545,097,443		15,547,717
Balance at 31 August 2023		<u>545,097,443</u>		<u>15,547,717</u>

Dividends

No dividends were declared or paid during the interim period.

6 Contingent liabilities

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.

7 Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the period which significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the period under review except that the Company raised \$200,000 (before costs) through the issue of 43,478,261 shares at \$0.0046 (0.46 cents) per share through a private placement on 8 September 2023. The funds raised will be used for working capital.

	31 August 2023	31 August 2022
	\$	\$
8 Related parties		
Key Management Personnel		
Short term employee benefits	151,314	161,943
Post-employment benefits	25,916	13,170
	<u>177,230</u>	<u>175,113</u>

Amounts owing to related parties

As at 31 August 2023, \$1,109,896 of trade and other payables balances related to unpaid fees owed to directors.

As at 31 August 2023 \$225,000 is payable to major shareholder Excellence Holdings HK Limited (the ultimate holding company of the Group). Excellence Holdings HK Limited has also provided the Company with a written letter of financial support. As at 31 August 2023 \$180,000 is payable to shareholder Australia Cayenne Holdings Pty Ltd. These loans are at zero interest rate, unsecured and for no fixed term.

Substantial shareholder transactions

As at reporting date Excellence Holdings HK Limited held 400,000,000 shares in the Company. There were no substantial shareholder transactions during this period.

Directors' Declaration

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 August 2023 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Orion Metals Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



Mr. Bin Cai
Director

Brisbane, 14 November 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Orion Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Orion Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 August 2023, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 August 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 3 in the financial report which describes the events and/or 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 August 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



A J Whyte
Director

Brisbane, 14 November 2023