

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2009

8

17 INVESTMENTS

⇒ Craig ⇒ should this be part of other debtors as shares was only allocated after yearend. Yes ✓

	2010 \$	2009 \$
Shares in listed entity	e/h 225,000	-
	225,000	-

18 TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets

Unused tax losses for which no deferred tax asset has been recognised

Temporary differences for which no deferred tax asset/(liability) has been recognised:

	6,417,649
Capital raising costs	282,725
Accruals	12,000
Exploration expenditure	(1,493,988)
Potential tax effect @ 30%	5,218,836

To be updated!

19a CASH AND CASH EQUIVALENTS

Cash at bank and on hand	(3,654)	17,269
Deposits on call	221,291	268,861
	e/h 217,737	286,130

The Cash Flow Statement should be read in conjunction with the notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2009

*Non condition modify activity → Arden's Shares for
Buckman Sale*

19b RECONCILIATION OF CASH FLOWS TO
OPERATING ACTIVITIES

Header

Operating loss	(438,007)	(2,815,904)
Depreciation	44,907	75,317
Impairment of exploration and evaluation expenditure	332,620	2,405,278
(Profit)/loss on sale of property, plant and equipment	(6,151)	34,628
(Profit)/loss on sale of tenements	(350,000)	-
Operating profit before changes in working capital and provisions	(416,631)	(300,681)
(Increase)/decrease in prepayments and receivables	8,602	68,610
(Increase)/decrease in other assets	2,578	-
Increase/(decrease) in employee benefits	-	(5,613)
Increase/(decrease) in creditors and payables	46,450	(142,439)
Net cash to operating activities	(389,001)	(380,123)

→

Interest expense

12,500

*Relev
EZ cash flow
spreadsheet*

24,134

(362,817)

20 **CAPITAL AND RESERVES** + *Accum losses*

	Issued capital \$	Option reserve \$	Accumulated losses \$	Total \$
Balance at 1 March 2009	5,716,240	302,050	(4,476,601)	1,541,689
Profit/(loss) for the year recognised in income and expenses	-	-	(438,007)	(438,007)
Issue of shares	292,231	-	-	292,231
Balance at 28 February 2010	6,008,471	302,050	(4,914,608)	1,395,913

Balance at 1 March 2009	5,679,669	302,050	(1,660,697)	4,321,022
Profit/(loss) for the year recognised in income and expenses	-	-	(2,815,904)	(2,815,904)
Issue of shares	57,769	-	-	57,769
Share issue costs	(21,198)	-	-	(21,198)
Balance at 28 February 2009	5,716,240	302,050	(4,476,601)	1,541,689

*NRFP ISSUED CAPITAL # DISCLOSURES
- Reconciliation
- Term + Condition*

The Cash Flow Statement should be read in conjunction with the notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2009

21 EARNINGS PER SHARE

	2010 Cents per share	2009 Cents per share
Basic earnings/(loss) per share		
From continuing operations	(1.77)	(4.70)
Total basic earnings per share	(1.77)	(4.70)

Diluted earnings/(loss) per share		
From continuing operations	(1.77)	(4.70)
Total diluted earnings per share	(1.77)	(4.70)

Basic and diluted earnings per share

The earnings used in the calculation of the basic and diluted loss per share is as follows:

	2010 \$	2009 \$
Net loss	(438,007)	(2,815,904)
Loss used in the calculation of the basic and diluted loss per share from continuing operations	(438,007)	(2,815,904)

	2010 No.	2009 No.
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	24,695,823	52,016,667

Options granted to the Directors, issued as a result of seed capital and issued under the prospectus are considered to be potential ordinary shares and have not been included in the determination of diluted loss per share because they are not considered to be dilutive. The options have not been included in the determination of the basic loss per share.

22 LOANS AND BORROWINGS

	2010 \$	2009 \$
Current		
Convertible debt	126,184	292,231
	126,184	292,231

Is the new debt just a loan or is it a conv. note? separate interest account

The Cash Flow Statement should be read in conjunction with the notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2009

23 TRADE AND OTHER PAYABLES

Trade payables
Accrued expenses
Other payables

9/LI	91,498		97,351
H/LI	53,900	+26,184	28,686
L/LI	13,582		16,493
	<u>158,980</u>		<u>142,530</u>

185,164

24 FINANCIAL INSTRUMENTS

Financial instruments
Credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was

Trade and other receivables
Cash and cash equivalents

All of the Company's exposure to credit risk at the reporting date was in Australia.

\$3,859 of the Company's receivables are past due, but no allowance for impairment losses has been recognised. (2009: nil)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments.

28 February 2010

Trade and other payables
Loans and borrowings

Carrying amount	Contractual cash flows	6 months or less	6-12 months
158,980	158,980	158,980	-
126,184	126,184	-	126,184
<u>285,164</u>	<u>285,164</u>	<u>158,980</u>	<u>126,184</u>

28 February 2009

Trade and other payables
Loans and borrowings

142,530	142,530	142,530	
292,231	292,231	-	292,231
<u>434,761</u>	<u>434,761</u>	<u>142,530</u>	<u>292,231</u>

Currency risk

The Company's assets and liabilities are in Australian dollars and the Company has no material exposure to currency risk.

*Is this really 12mths
of metallics agree
do not call?*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2009

24 FINANCIAL INSTRUMENTS (Continued)

	2010 \$	2009 \$
Interest rate risk		
Fixed rate instruments		
Loan and borrowings	126,184	292,231
	<u>126,184</u>	<u>292,231</u>

Please check this.

Fair values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	28 February 2010		28 February 2009	
	\$ Carrying amount	\$ Fair value	\$ Carrying amount	\$ Fair value
Trade and other receivables	23,936	23,936	32,538	32,538
Cash and cash equivalents	217,637	217,637	286,130	286,130
Trade and other payables	(158,980)	(158,980)	(142,530)	(142,530)
Loans and borrowings	(126,184)	(126,184)	(292,231)	(292,231)
	<u>(43,591)</u>	<u>(43,591)</u>	<u>(116,093)</u>	<u>(116,093)</u>

Currency risk

The Company's assets and liabilities are in Australian dollars and the Company has no material exposure to currency risk.

AASB7 Hierarchy Distortions

26 OPERATING LEASES

The Company did not have any operating lease commitments in the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2009

27 CAPITAL AND OTHER COMMITMENTS

(a) Exploration tenement expenditure requirements

In order to maintain current rights to tenure of exploration tenements, the Company will be required to outlay amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. It is likely that variations to the terms of the current and future tenement holdings, the granting of new tenements and changes at renewal or expiry, will change the expenditure commitments for the Company from time to time.

These outlays (exploration expenditure and rent) which arise in relation to granted tenements inclusive of tenement applications granted subsequent to 28 February 2010 but not recognised as liabilities are as follows:-

	2009 \$	2009 \$
Not longer than 1 year	49,215	164,214
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	49,215	164,214

Please provide a breakdown of this number

\$338K per schedule?

Please update

Included in the commitments is a minimum expenditure of \$????? by Newmont Exploration Pty Ltd on EPMs 14231 and 17739 whereby Newmont has to spend a minimum of \$250,000 on these tenements.

Also expenditures during the year on some projects exceeded the minimum commitment required by the terms of the permits, so the excess expenditure may be carried forward into the following year.

28 CONTINGENCIES

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.

Please don't same as last year note 21

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 Company as disclosed in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2009

g

29 RELATED PARTIES

(a) Equity interests in related parties

Equity interests in ventures

Details of interests in joint ventures are disclosed in note 25 to the financial statements.

check this note reference

(b) Transactions with key management personnel

i. Key management personnel compensation

Details of key management personnel compensation are disclosed in the remuneration report.

Can't refer to the remun report.

ii. Director related shareholdings

Metallica Minerals Ltd held at 28 February 2010: 47.24% (2009: 12.88%) of the issued ordinary shares in Orion Metals Limited.

Angus & Ross plc (incorporated in the United Kingdom) held at 28 February 2010: 14.85% (2009: 24.52%) of the issued ordinary shares in Orion Metals Limited.

Ordinary shares holdings

The number of ordinary shares in the Company held during the year by each Director of the Company and other key management personnel of the Company, including their personally related parties, are set out below:

There do not agree to KMP compensation in the report?

	Balance at beginning of financial period No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at end of financial period No.	Balance held nominally No.
2010						
Directors						
David Barwick	-	-	-	100,000	100,000	100,000
Andrew Gillies	-	-	-	-	-	-
Adrian Day	1,865,000	-	-	-	1,865,000	-
John Nethery	3,480,728	-	-	-	3,480,728	-
2009						
Directors						
David Barwick	-	-	-	100,000	100,000	100,000
Andrew Gillies	-	-	-	-	-	-
Adrian Day	1,865,000	-	-	-	1,865,000	-
John Nethery	3,480,728	-	-	-	3,480,728	-
Other key management personnel of the Company						
John Haley	40,000	-	-	10,000	50,000	-
Option holdings						

transferred 50,000

should be zero

last year only had 40,000

The number of options over ordinary shares in the Company held during the year by each Director of the Company and other key management personnel of the Company including their personally related parties, are set out below:

Please JH's shareholding is it 50,000 or 40

Insert Summary Remuneration (in summary table) Bill/Theo

Short Term	X	X
Long Term	X	X
Termination	X	X
Share Point	X	X

The Cash Flow Statement should be read in conjunction with the notes to the financial statements

ORION METALS LIMITED

ACN 096 142 737

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2010

	Balance at beginning of financial period	Granted as compensation	Exercised	Net other change	Balance at end of financial period	Bal vested at 28 February 2009	Vested but not exercisable	Vested and exercisable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
2010									
Directors									
David Barwick	-	-	-	-	-	-	-	-	-
Andrew Gillies	-	-	-	-	-	-	-	-	-
Robert Andrews	1,000,000	-	-	(1,000,000)	-	-	-	-	-
Wayne Reid	2,000,000	-	-	(2,000,000)	-	-	-	-	-
Adrian Day	1,000,000	-	-	(1,000,000)	-	-	-	-	-
John Nethery	1,000,000	-	-	(1,000,000)	-	-	-	-	-
Other key management personnel of the Company									
John Haley	450,000	-	-	(450,000)	-	-	-	-	-
2009									
Directors									
Robert Andrews	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-	-
Wayne Reid	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-	-
Adrian Day	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-	-
John Nethery	1,012,500	-	-	-	1,012,500	1,012,500	1,012,500	-	-
Other key management personnel of the Company									
John Haley	525,000	-	-	(75,000)	450,000	450,000	450,000	-	-

During the financial year no options and no shares were issued on the exercise of such options to key management personnel.

In 2009, the Company issued a convertible debt to Metallica Minerals Limited, a Director related entity and shareholder in the Company to the value of \$292,231. Interest accrued, but not paid to date amounts to ~~\$18,500~~ ~~17064~~ ~~\$26,184~~ ✓ *\$100k loan?*

30 SUBSEQUENT EVENTS

← move it as last note

On 5 November 2009 the Company signed an option agreement with Artemis Limited (ASX: ARV) for the purchase of its Grants Gully-Buchanan's Creek tantalum-lithium project. This sale was concluded on 29 January 2010.

On 18 March 2010, the Company announced the appointment of a Managing Director, Mr James Canning-Ure.

On 19 March 2010 the Company announced a fully underwritten non-renounceable Rights Issue. The major terms are:

- One (1) rights issues share will be offered for every existing share with one (1) attaching option for every two (2) rights issue shares applied for;
- Rights issue shares will be issued at an issue price of five (5) cents per share; and
- The rights issue will raise approximately \$1.24 million before costs of the rights issue offer.

⇒ share based Payments Note - refer p 44 - N26 last year.
⇒ Note on JVL - skemitt exploration Agreement - p43 Note 25 last year

ORION METALS LIMITED

ACN 096 142 737

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2010

8

31 AUDITORS REMUNERATION *⇒ goes before subsequent events*

During the financial year the following fees were paid or payable for services provided by the auditor of the Company:

	2009 \$	2009 \$
Auditor of the Company		
Audit or review of the financial report	<i>26,800</i> 39,939	35,329
Total remuneration for audit services	<i>26,800</i> 39,939	35,329
Other assurance services		

ORION METALS LIMITED

ACN 096 142 737

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes:
 - (a) comply with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2009 and performance for the year ended on that date of the company and economic entity, *28 February 2010*
2. The financial statements also comply with International Financial Reporting Standards as disclosed in note 1.
3. The Remuneration Report as set out in the Directors' Report complies with Section 300A of The Corporations Act 2001.
4. The Managing Director 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.

D K BARWICK
Director

A L GILLIES
Director

Dated at Brisbane this ??th day of May 2010