



ORION METALS LIMITED (ASX: ORM)

ACTIVITIES REPORT FOR QUARTER ENDING 29th February 2016.

EXPLORATION ACTIVITIES

Orion Metals management continued to advance negotiations with respective Western Australian and Queensland traditional ownership representative groups towards securing positive cultural and heritage outcomes. We are hopeful that work is near completion.

No on-ground exploration activity across all four Project areas was scheduled for this 2015/2016 summer period, though desktop evaluation work continued with Top Camp Project.

The four REE prospective tenements within the Tanami West Project area are still under application awaiting grant.



Project Updates

TANAMI WEST PROJECT

RARE EARTH ELEMENT (REE) & GOLD PROJECT

200 kms southeast of Halls Creek, WA

E80/4029, E80/4197, E80/4558, E80/4869 (applic), E80/4919 (applic), E80/4920 (applic), E80/4921 (applic).

All Tanami West Project tenure is 100% Orion Metals Limited group held.

There has been some progress on a decision regarding land access for exploration purposes on Orion Metals granted tenure. Timing on that decision is tied to the eventual grant of four exploration licences currently under application. The four licences under an expedited procedure application include E80/4869, E80/4919, E80/4920, and E80/4921. All four applications have objections to granting lodged by the Tjurabalan Native Title Lands Aboriginal Corporation, being represented by the Kimberley Land Council.

Hearings and submissions to the National Native Title Tribunal were all completed late January 2016. No further hearings or submissions are required. A decision on granting of the tenure by the National Native Title Tribunal is expected next quarter 2016.

Field based exploration activities are yet to recommence due to ongoing land access negotiations with the Kimberley Land Council.

The Tanami West Project remains Orion Metals Limited's highly prospective REE Project.

MT SURPRISE PROJECT

RARE EARTH ELEMENT (REE), TIN, TUNGSTEN PROJECT

Northeast of Mt Surprise, North Queensland

EPM 18449, EPM 18850, EPM 18331.

All Mt Surprise Project tenure is 100% Orion Metals Limited held.

There has been no field work this quarter.

TOP CAMP PROJECT

GOLD COPPER PROJECT

40 km south of Cloncurry, North Queensland

ML 2764, ML 2785, ML 2786, ML 2792.

The Top Camp mining leases are all 100% Orion Metals Limited owned.

In satisfaction of Orion Metals Limited's duty of care obligations under the Queensland Government's Aboriginal Cultural Heritage Act 2003 (ACHA), a draft cultural and heritage (C&H) agreement has been constructed and forwarded to the Mitakoodi and Mayi People; the relevant Aboriginal Party for the purposes of the ACHA.

The C&H agreement is expected to be complete next quarter.

There was no exploration field work scheduled or conducted this quarter. Orion Metals Limited will continue with desk top evaluations into an alluvial gold mining venture at Top Camp, and will pursue opportunities to assist in the realisation of that concept.

Mt RAMSAY PROJECT

RARE EARTH ELEMENT (REE) PROJECT

200 km west of Gladstone, Queensland

EPM 25677.

EPM 25677 is 100% Orion Metals Limited owned.

No field work was conducted this quarter.

Mt Ramsay remains a high priority exploration area for REE, specialty metals, copper and gold. Tight budget conditions have restricted on-ground field work to date, though there was no field work undertaken for this quarter ending February 2016.

TENEMENT SCHEDULE

ORM TENEMENT LIST at 29th February 2016							
Tenement ID	Location	Registered Holder	Status	Granted Date	Expiry Date	Area (Sub-blocks)	Minimum Expend
TANAMI WEST PROJECT							
E80/4029	Tanami Region, WA	RRI * 100%	Granted	16/04/2009	15/04/2019	10	\$50,000
E80/4197	Tanami Region, WA	RRI * 100%	Granted	15/10/2009	14/10/2019	3	\$30,000
E80/4558	Tanami Region, WA	RRI * 100%	Granted	13/12/2012	12/12/2017	5	\$15,000
E80/4869	Tanami Region, WA	RRI * 100%	Application			61	N/A
E80/4919	Tanami Region, WA	RRI * 100%	Application			22	N/A
E80/4920	Tanami Region, WA	RRI * 100%	Application			3	N/A
E80/4921	Tanami Region, WA	RRI * 100%	Application			3	N/A
MT SURPRISE PROJECT							
EPM 18331	Mt Surprise Area, Qld	ORM 100%	Granted	26/06/2014	25/06/2019	19	\$30,000
EPM 18850	Mt Surprise Area, Qld	ORM 100%	Granted	21/10/2013	20/10/2018	50	\$50,000
EPM 18449	Mt Surprise Area, Qld	ORM 100%	Granted	14/05/2013	13/05/2018	10	\$20,000
MT RAMSAY PROJECT							
EPM 25677	W of Gladstone, Qld.	ORM 100%	Granted	11/08/2014	10/08/2019	26	\$37,500
TOP CAMP PROJECT							
ML 2764*	SSW of Cloncurry	ORM 100%	Granted	19/01/1989	31/01/2015	103	N/A
ML 2785	SSW of Cloncurry	ORM 100%	Granted	6/02/1992	28/02/2017	129.2	N/A
ML 2786*	SSW of Cloncurry	ORM 100%	Granted	15/02/1990	28/02/2016	70	N/A
ML 2792	SSW of Cloncurry	ORM 100%	Granted	6/02/1992	28/02/2017	103.5	N/A
* Rich Resources Investments Pty Ltd - wholly owned Subsidiary of Orion Metals Limited							
* Under application for renewal, awaiting grant.							

Competent Person Declaration. *The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Peter Brookes, a full-time employee of Orion Metals Limited, who is a member of the Australian Institute of Geoscientists. Mr Brookes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Brookes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

CORPORATE

Company Update

Dr Michelle Li resigned as a Director on 18 March 2016.

There have been no other material changes in the Company's activities or operations during or since the end of the quarter.

Financial

Cash balance as at 29 February 2016 is approximately \$115k.

The Board is in discussion with a number of organisations which are currently undertaking due diligence with a view to providing loan or equity funding to the Company.

CORPORATE DIRECTORY

ORION METALS LIMITED

ASX Code: ORM

ABN: 89 096 142 737

Issued Capital as at 29 February 2016

145,097,443 shares issued & listed

389 shareholders

Top 20 shareholders

Hold 95.8% of listed shares

Largest shareholders

Conglin Group / Mr Conglin Yue 72.8%

Jien Mining Pty Ltd 15.9%

Board

Mr Conglin Yue – Executive Chairman & CEO

Ms Yanchun Wang - Director

Dr Michelle Li - Director

Mr Bin Cai - Executive Director & CFO

Company Secretary

Mr Bill Lyne

Contact Details

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

ORION METALS LIMITED

ABN

89 096 142 737

Quarter ended ("current quarter")

29 February 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	44
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(37) - - (67)	(279) - - (515)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(104)	(744)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(104)	(744)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(104)	(744)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(104)	(744)
1.20	Cash at beginning of quarter/year to date	219	859
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	115	115

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	18
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	42
4.2 Development	-
4.3 Production	-
4.4 Administration	73
Total	115

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	8	12
5.2 Deposits at call	107	207
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	115	219

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities Opening balance 30/11/15	145,097,443	145,097,443		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	Nil		
7.5 +Convertible debt securities (description)	Nil	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	Nil	Nil	<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)	Nil	Nil		
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not*~~ (delete one) give a true and fair view of the matters disclosed.



31 March 2016

Sign here: Date:
(Director/~~Company secretary~~)

Print name: Bin Cai
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Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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