



ORION METALS LIMITED (ASX: ORM)

ACTIVITIES REPORT FOR QUARTER ENDING 31st August 2016.

EXPLORATION ACTIVITIES

Exploration operations remain on hold while the new Orion Metals Limited Board of Directors conduct extensive Project reviews and evaluations. There is an expectation that new budgets in support of a revised exploration strategic direction, will be set next quarter.

Desktop studies continued with Orion Metals Projects generally, but with the focus still remaining on Top Camp.

No on-ground exploration activity occurred in any of Orion’s four Project areas this period.



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, E80/4919, E80/4920, E80/4921.

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

Orion Metals tenement holdings in the Tanami region now stands at 107 sub-blocks, for 321 square kilometres, of highly prospective REE and gold terrain.

Field exploration work is on hold pending new budgets and exploration objectives.

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 exploration 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. Renewal applications for all four mining leases have now been lodged within the prescribed period.

There has been no further progress towards a cultural and heritage (C&H) agreement this quarter while Orion Metals awaits new budgets, and an outcome from the federal court in determining the legitimate representatives for the Mitakoodi Mayi families.

The Mt Isa based traditional owners, the Mitakoodi Mayi People have a native title determination application (QC2015/009) with the federal court currently. Ahead of any determination, internal family differences need to be sorted. There is, as well, a federal court order in place directing all family concerned to sort out their genealogical structure by 30th October 2016.

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 – 100% ORM owned.

No field work was conducted this quarter.

Mt Ramsay remains a high priority exploration area for REE, specialty metals, copper and gold.

TENEMENT SCHEDULE

ORM TENEMENT LIST at 27th September 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	\$70,000
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%	Granted	17/05/2016	16/05/2021	61	\$61,000
E80/4919	Tanami Region, WA	RRI * 100%	Granted	17/05/2016	16/05/2021	22	\$22,000
E80/4920	Tanami Region, WA	RRI * 100%	Granted	17/05/2016	16/05/2021	3	\$15,000
E80/4921	Tanami Region, WA	RRI * 100%	Granted	17/05/2016	16/05/2021	3	\$15,000
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	\$30,000
MT RAMSAY PROJECT							
EPM 25677	W of Gladstone, Qld.	ORM 100%	Granted	11/08/2014	10/08/2019	26	\$60,000
Tenement ID	Location	Registered Holder	Status	Granted Date	Expiry Date	Area (Hectares)	Minimum Expend
TOP CAMP PROJECT							
ML 2764*	SSW of Cloncurry	ORM 100%	Granted	19/01/1989	31/01/2015	103	N/A
ML 2785*	SSW of Cloncurry	ORM 100%	Granted	6/02/1992	28/02/2017	129.2	N/A
ML 2786*	SSW of Cloncurry	ORM 100%	Granted	15/02/1990	28/02/2016	70	N/A
ML 2792*	SSW of Cloncurry	ORM 100%	Granted	6/02/1992	28/02/2017	103.5	N/A
* Rich Resources Investments Pty Ltd - wholly owned Subsidiary of Orion Metals Limited							
* Under application for renewal, awaiting grant.							

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 part-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

Orion Metals Limited entered into an Investment Agreement with Excellence Holding HK Ltd on the 17 April 2016.

Under the terms of the Investment Agreement, the Company agreed to issue to Excellence Holding:

- 20,000,000 Shares for an issue price of \$0.005 each (Initial Shares);
- a further 180,000,000 Shares for an issue price of \$0.005 each (Further Shares); and
- 200,000,000 attaching options issued for no additional consideration, convertible into Shares with an exercise price of \$0.005 each (Options)

The issue of the Initial Shares was not conditional on Shareholder approval and occurred on 22 April 2016. The issue of the Further Shares and Options was conditional on the approval of Shareholders and was approved at the Company's Annual General Meeting held on 21 July 2016 and the securities were issued that day.

A total of \$1,000,000 in new funds was raised from the Shares and when the Options are exercised up to a further \$1,000,000 will be raised.

On 27 May 2016 the Company entered into a Loan Agreement with Excellence Holding, under which Excellence Holding agreed to loan to the Company \$200,000 to meet on-going working capital needs. These funds were received on 27 June 2016 and the loan was repaid on issue of the Further Shares.

As a consequent of the increased shareholding by Excellence Holding, as foreshadowed in the Investment Agreement, the following Board changes occurred effective 22 July 2016:

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

The new Board is currently evaluating the Company's existing tenements before deciding on future strategy.

Financial

Cash balance as at 31 August 2016 was approximately \$711k.

CORPORATE DIRECTORY

ORION METALS LIMITED

ASX Code: ORM

ABN: 89 096 142 737

Issued Capital as at 31 August 2016

345,097,443 shares issued & listed
200,000,000 options (unlisted) expiring 21 July 2018
389 shareholders

Top 20 shareholders

Hold 98.22% of listed shares

Largest shareholders

Excellence Holding HK Ltd 57.95%
Conglin Group / Mr Conglin Yue 30.6%
Jien Mining Pty Ltd 6.68%

Board

Mr Yi Yang – Chairman
Ms Bo Wang – Director
Mr Feng Wu – Executive 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")

31 August 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	9	20
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(49) - - (222)	(138) - - (265)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
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	(262)	(383)
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)	(262)	(383)

+ 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)	(262)	(383)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	900	1,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	200	200
1.17	Repayment of borrowings	(200)	(200)
1.18	Dividends paid	-	-
1.19	Other – share issue costs	(21)	(21)
	Net financing cash flows	879	979
	Net increase (decrease) in cash held	617	596
1.20	Cash at beginning of quarter/year to date	94	115
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	711	711

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	36
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

The \$200,000 received from Excellence Holdings HK Ltd in June 2016 was repaid by the issue of shares in July 2016.

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

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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

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+ 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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	81
4.2 Development	-
4.3 Production	-
4.4 Administration	141
Total	222

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	7	61
5.2 Deposits at call	704	33
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	711	94

+ 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	NIL		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	NIL		

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)	N/A	N/A	
7.2	Changes during quarter			
7.3	*Ordinary securities Fully paid ordinary shares 31/5/16	165,097,443	165,097,443	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	180,000,000	180,000,000	\$0.005 \$0.005
7.5	*Convertible debt securities (description)	N/A	N/A	
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options (description and conversion factor)	N/A	N/A	Exercise price Expiry date
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	Debentures (totals only)	N/A	N/A	
7.12	Unsecured notes (totals only)	N/A	N/A	

+ 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.

Sign here:  Date: 29/09/2016
.....
(Director/Company secretary)

Print name: Bin Cai
.....

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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+ See chapter 19 for defined terms.