



# ORION METALS LIMITED (ASX: ORM)

## ACTIVITIES REPORT FOR QUARTER ENDING 31<sup>st</sup> August 2014.

### EXPLORATION ACTIVITIES

Orion's efforts towards project growth, evaluation, and rationalisation have been the focus of the quarter's exploration activities. This includes a number of programs of reconnaissance field activities.

Additionally, tenement application opportunities have been realised by the granting of new tenure for the Mt Surprise and Mt Ramsay Projects in Queensland.

Tanami West Project (renamed from Killi Killi Hills Project) is poised to commence field operations next quarter following successful completion of proposed heritage surveys.

Field exploration efforts focussed on Mt Surprise and Top Camp Projects – results from those efforts are awaited.



Active field exploration efforts on the Broughton Creek Joint Venture were closed off following the decision by the Orion Board to withdraw from the JV and re-direct exploration funds into the Company's other 100% owned Project areas.

### Project Updates

#### TANAMI WEST PROJECT

##### RARE EARTH ELEMENT (REE) & GOLD PROJECT

200kms southeast of Halls Creek, WA

E80/4029, E80/4197, E80/4556, E80/4558, E80/4559, E80/4596, E80/4869 (Applic).

All Tanami West tenure is 100% Orion Metals Limited owned.

Land access negotiations are progressing well, with the Heritage Impact Assessment Notice supplement having been prepared and lodged with the Kimberley Land Council. As a result, there has been no ground based exploration conducted this period.

The first site visit with Orion staff and traditional owner representatives from the Tjurabalan group will occur late September 2014. This trip is a precursor to an expanded heritage survey to be conducted late October 2014.

The Orion board, out of respect for the wishes of the Tjurabalan group, have changed the exploration project name from Killi Killi Hills to Tanami West Project.

Target generation and program development have continued throughout the quarter in anticipation of field based activities recommencing once land access has been approved.

## **BROUGHTON CREEK PROJECT**

### **RARE EARTH ELEMENT (REE) – URANIUM PROJECT**

**30kms south of Mary Kathleen, Queensland**

**EPM 16209, EPM 17143, EPM 19011, EPM 18075.**

The Broughton Creek Project was a farm-in/joint venture between Orion Metals Limited and Broughton Minerals Pty Ltd, with Orion as manager of the project.

Despite some encouraging “grass roots” sample results received this quarter, (reported ASX ORM: 14<sup>th</sup> July 2014, Broughton Creek Project Geochemical Sample Results), the Orion Metals Board has decided to withdraw from the JV.

The Broughton Creek Project is a mature aged project which demands a relatively high level of exploration expenditure before Orion earns an interest in the project. The Orion Board determined that the expenditure commitment required was unwarranted when measured against the prospectivity of Orion’s other projects.

The Board, in its statement to the market, (ASX ORM: 1<sup>st</sup> September 2014, Withdrawal from Broughton Creek Project), commented of its desire to divert its exploration dollars towards its flagship REE and gold Tanami West Project, Mt Surprise Project and new opportunities.

## **MT SURPRISE PROJECT**

### **RARE EARTH ELEMENT (REE), TIN, TUNGSTEN PROJECT**

**Northeast of Mt Surprise, North Queensland**

**EPM 17011, EPM 18449, EPM 18850, EPM 17891, EPM 18331, MLA 30128.**

All Mt Surprise tenure is 100% Orion Metals Limited owned.

Orion announced to the ASX on the 10<sup>th</sup> July 2014 the granting of new tenement EPM 18331 (ASX ORM: Mt Surprise Project – New Tenure Granted).

This tenement adds 126 square km of prospective ground to the Project which now encompasses over 500 square km of prospective tin, tungsten, and REE tenure in an area with a long history of tin and tungsten mining.

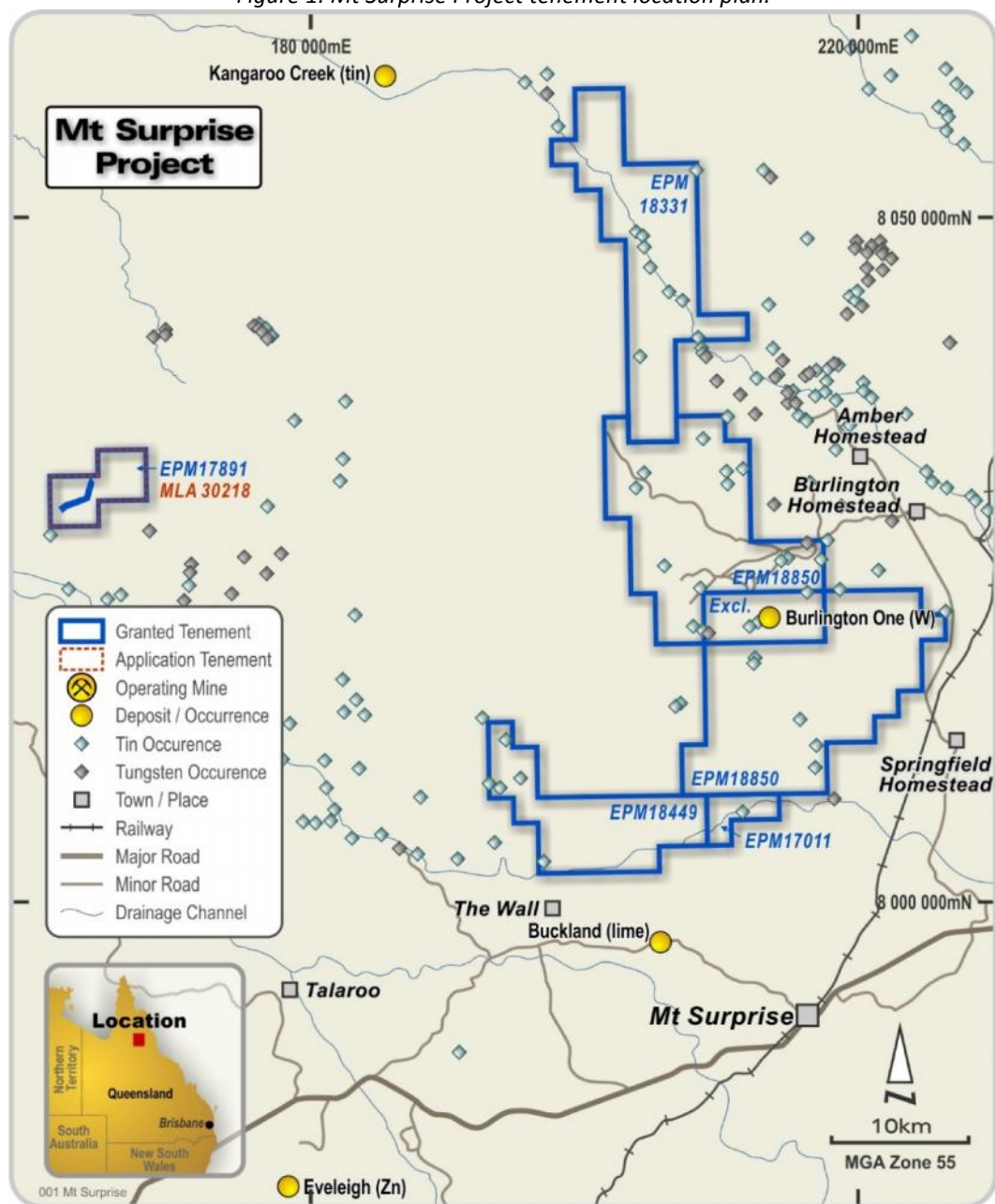
Field exploration commenced this quarter with stream sediment sampling, rock chip sampling, and minor soil sampling supported by local prospect scale geological mapping.

Most of the project area is very remote, rugged, and with limited ground access. As a consequence a trial helicopter supported stream sediment sampling was undertaken. Logistically, it was a success, with field crews being able to complete the program ahead of schedule, and under budget.

The Mt Surprise Project is located geologically in the Etheridge Province of the Georgetown Inlier; a region of significant tectonic disruption, volcanism, but also granitic intrusion. It is the latter which has provided the fertile host environment for tin, tungsten, and REE mineralisation.

Full details of the survey are due to be released to the market in October 2014.

Figure 1: Mt Surprise Project tenement location plan.



## **TOP CAMP PROJECT**

### **GOLD COPPER PROJECT**

**40km south of Cloncurry, North Queensland**

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

The renewal process for the Top Camp mining leases has commenced, with applications currently being made for ML 2764; which is one of four contiguous mining leases, 40km south west from Cloncurry.

Top Camp is a historic alluvial gold mining area, with the first recorded alluvial operations noted in 1872. Since then, there have been numerous operations and prospectors into the area searching for gold. Historical records indicate as much as 12,000 ounces were extracted by K. Piggot in the late 1880's utilizing a "dry-blower" system of gold extraction.

Orion has commenced evaluation of the alluvial resource potential for Top Camp Project. In mid-August 2014, a gravity survey was commissioned by Orion to ascertain the palaeo-channel depths across Top Camp Project. Haines Surveys were contracted for the task. Results of the survey are being compiled, and results are expected to be available September/October 2014. Preliminary estimations indicate the paleo-channel depth at 10 – 15 metres in places.

As well as a significant unquantified alluvial gold potential contained within palaeo-channels dissecting the steep terrain across the leases, Top Camp Project has previously been explored for Cu – Au potential contained within locally mineralised rocks of the Chumvale Breccia and Overhang Jaspilite.

Orion is implementing a systematic exploration approach to advancing this project. As part of this approach, all legacy exploration data is being incorporated into target generation. Legacy data includes historic drill data, geological mapping, and geophysical modelling.

## **Mt RAMSAY PROJECT**

### **RARE EARTH ELEMENT (REE) PROJECT**

**200km west of Gladstone, Queensland**

**EPM 25677.**

This Mt Ramsay EPM is 100% Orion Metals Limited owned.

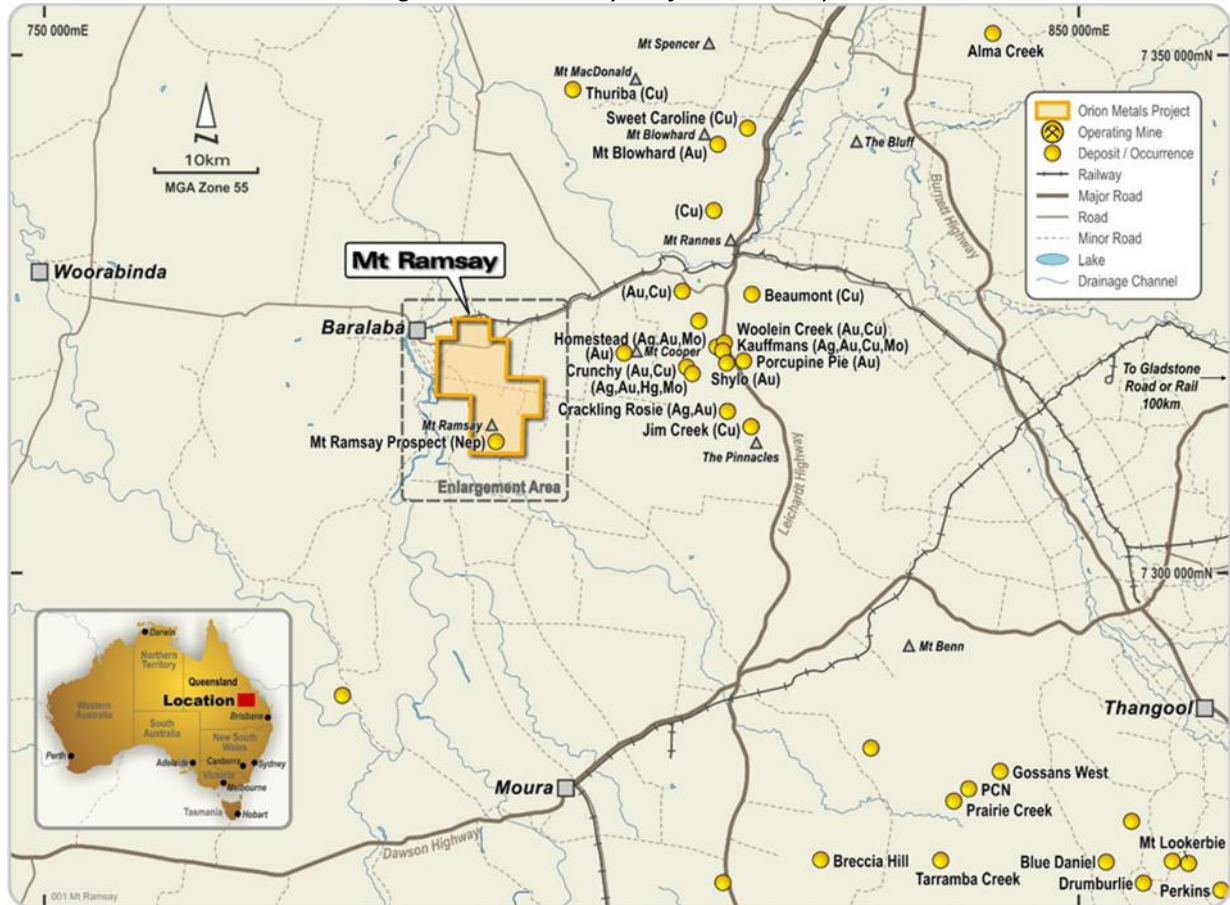
Tenement EPM 25677 was granted 11<sup>th</sup> August 2014, and covers approximately 78 square km within the Rockhampton Mining District of Queensland.

This project is an exciting new development for Orion. Tenement EPM 25677 is centred on a large nepheline syenite complex intruded within sediments of the SE Bowen Basin in Queensland. (ASX ORM 9<sup>th</sup> September 2014: Tenement Granted at Mt Ramsay). Alkaline rocks of this nature are highly prospective targets for rare earth elements (REE) and in particular, heavy rare earth elements.



The Mt Ramsay alkaline complex is an excellent exploration opportunity, and has the potential to host REE, specialty metals, copper, and gold mineralisation. Notably, there has been no historic exploration for REE or other specialty metals in this region.

Figure 2: Mt Ramsay Project location plan



Following obtaining land access approval, field exploration is expected to commence next quarter with reconnaissance work scheduled to include rock chip and field mapping initially. Database construction and GIS compilation is complete in anticipation of commencement of early field operations.

### 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**

There have been no material changes in the Company's activities or operations.

### **Financial**

Cash balance as at 31<sup>st</sup> August 2014 is \$0.521M.

On 19 September 2014 the Company announced a capital raising initiative for the placement of a total 50,000,000 shares at 2¢ per share to raise \$1 million from its two major shareholders. Also, the Company will offer a Share Purchase Plan to eligible shareholders under which they can subscribe for up to \$15,000 worth of additional shares. Funds raised through these initiatives will be used for general working capital as well as to progress the Company's existing tenements and assess new exploration opportunities.

## **CORPORATE DIRECTORY**

### **ORION METALS LIMITED**

**ASX Code:** ORM

**ABN:** 89 096 142 737

### **Issued Capital as at 31 August 2014**

92,597,443 shares issued & listed  
400 shareholders

### **Top 20 shareholders**

Hold 93.3% of listed shares

### **Largest shareholders**

Conglin Group / Mr Conglin Yue 69.7%  
Jien Mining Pty Ltd 15.2%

### **Board**

Mr Conglin Yue – Executive Chairman & CEO  
Ms Yanchun Wang - Director  
Dr Tao Li - Director  
Mr Bin Cai - Executive Director & CFO

### **Company Secretary**

Mr Bill Lyne

### **Contact Details**

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## TENEMENT SCHEDULE

### ORM TENEMENT LIST at 31st August 2014

Tenement ID	Location	Registered Holder	Status	Granted Date	Expiry Date	Area (Sub-blocks)	Minimum Expend
<b>TANAMI WEST PROJECT</b>							
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	14/10/2014*	3	\$20,000
E80/4556	Tanami Region, WA	RRI * 100%	Granted	6/03/2013	5/03/2018	22	\$22,000
E80/4558	Tanami Region, WA	RRI * 100%	Granted	13/12/2012	12/12/2017	5	\$15,000
E80/4559	Tanami Region, WA	RRI * 100%	Granted	13/12/2012	12/12/2017	7	\$20,000
E80/4596	Tanami Region, WA	RRI * 100%	Granted	13/12/2012	12/12/2017	113	\$113,000
E80/4869	Tanami Region, WA	RRI * 100%	Application			61	N/A
<b>MT SURPRISE PROJECT</b>							
EPM 18331	Mt Surprise Area, Qld	ORM 100%	Granted	26/06/2014	25/06/2019	42	\$50,000
EPM 18850	Mt Surprise Area, Qld	ORM 100%	Granted	21/10/2013	20/10/2018	100	\$50,000
EPM 18449	Mt Surprise Area, Qld	ORM 100%	Granted	14/05/2013	13/05/2018	25	\$50,000
EPM 17011	Mt Surprise Area, Qld	J. W. Withers ** 100%	Granted	16/06/2008	15/06/2011 Renewal lodged	4	\$35,000
EPM 17891	Mt Surprise Area, Qld	J. W. Withers ** 100%	Granted	23/07/2013	22/07/2018	8	\$2,500
MLA 30218	Mt Surprise Area, Qld	J. W. Withers ** 100%	Application			32.5	N/A
<b>MT RAMSAY PROJECT</b>							
EPM 25677	W of Gladstone, Qld.	ORM 100%	Granted	11/08/2014	10/08/2019	26	\$37,500
Tenement ID	Location	Registered Holder	Status	Granted Date	Expiry Date	Area (Hectares)	Minimum Expend
<b>TOP CAMP PROJECT</b>							
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					** Subject to Royalty		
* Under Application for Extension of Term							

## 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 2014

#### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from customers & GST	33	45
1.2	Payments for (a) exploration & evaluation	(342)	(575)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(168)	(323)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	21
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	R&D tax offset	-	150
<b>Net Operating Cash Flows</b>		(469)	(682)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(4)
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)	-	-
<b>Net investing cash flows</b>		-	(4)
1.13	Total operating and investing cash flows (carried forward)	(469)	(686)

+ See chapter 19 for defined terms.



1.13	Total operating and investing cash flows (brought forward)	(469)	(686)
1.14	<b>Cash flows related to financing activities</b>		
	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)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(469)	(686)
1.20	Cash at beginning of quarter/year to date	990	1,207
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	521	521

**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	33
1.24 Aggregate amount of loans to the parties included in item 1.10	-
1.25 Explanation necessary for an understanding of the transactions	
N/A	

**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

### 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 *	(612)
4.2 Development	-
4.3 Production	-
4.4 Administration	(162)
<b>Total</b>	<b>(774)</b>
* Subject to success of planned capital raising	

### 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	46	38
5.2 Deposits at call	475	352
5.3 Bank overdraft	-	-
5.4 Term deposits	-	600
<b>Total: cash at end of quarter (item 1.22)</b>	<b>521</b>	<b>990</b>

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+ See chapter 19 for defined terms.

## 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	EPM 16209 EPM 17143 EPM 19011 EPM 18075	0%  0% (Earn-in with Broughton Minerals Pty Ltd)	0% (Withdrawal from earn-in agreement)
6.2	Interests in mining tenements and petroleum tenements acquired or increased	EPM 18331 EPM 25677	100% 100%  NIL NIL	100% 100%

## 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 <b>Preference *securities</b> (description)	NIL	NIL		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b> <b>Opening balance 31/5/14</b>	92,597,443	92,597,443		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL	NIL		
7.5 <b>*Convertible debt securities</b> (description)	NIL	NIL		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor) <b>Opening balance 31/5/14</b>	500,000	-	Exercise price 20 cents	Expiry date 1/7/14
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	(500,000)	-	20 cents	1/7/14
7.11 <b>Debentures</b> (totals only)	NIL	NIL		

+ See chapter 19 for defined terms.



7.12 Unsecured notes (totals only)

NIL

NIL

## 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:

  
 (Director/Company secretary)

Date: 23/09/2014

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.