



## ASX RELEASE

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### KILLI KILLI REE & GOLD PROJECT LATE 2011 DRILL PROGRAMME RESULTS

The Directors of Orion Metals Limited (ASX:ORM) announced on 13<sup>th</sup> October 2011 that the second drilling program for the season was completed on the highly prospective Killi Killi REE and gold project located in the Tanami Desert on the Western Australian side of the WA:NT border. After considerable delays at the laboratory, results have now been received.

As was the case with the results of the first programme of drilling at the **Killi Killi West Prospect** in June last year, no significant intersection of REE was recorded in the 9 RC holes completed on the prospect during this programme. However there was a repetition of broad zones of low grade gold anomalism intersected in the October holes of a similar order to that of the first programme. All anomalous intercepts are summarised in **Table 1** and located on **Figure 1** attached.

It should be noted that the samples from this drilling phase were 4 metre composites. Although **individual 4 metre samples recorded up to 7.12 g/t Au**, most displayed low order tenor and thus could not be considered of economic significance. However as gold has not been recorded before ORM's work on the property, the consistency of the results is considered significant and may demonstrate that a new and substantial gold system exists on the property. Of particular interest are:-

<b>KK055</b>	<b>40 metres @ 0.92 g/t Au</b>
<b>KK058</b>	<b>44 metres @ 0.49 g/t Au</b>
<b>KK056</b>	<b>56 metres @ 0.07 g/t Au</b>

These intercepts indicate that the system is open to the east, while the June drillholes suggest continuity to the north (Refer **Figure 1**).

Coincident with this mineralisation is an apparent geochemical association of strontium where values of 400-500ppm Sr are the bulk average for entire length of hole.

In the same programme eight scout holes were completed on different features within EL80/4197 during the programme, but no economic mineralisation was encountered. However elevated geochemistry of other elements, such as barium, was recorded and is believed it could aid exploration of the region.

At the **Killi Killi East Prospect** 10 RC holes were completed to test:-

- Lateral extent of basal conglomerate REE mineralisation beyond the outcrop of the two Killi Killi Prospects; and
- Existence of postulated fault structures & possible relationship to mineralisation.



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Location of these holes is shown in **Figure 2**, while analytical results of this programme are detailed in **Table 2**. The most westerly holes KK067 – 070 were located near mineralised outcrops 200-300 metres west of the Killi Killi East 2 Prospect. Individual one metre sections reported anomalous REE values and follow-up is warranted.

Six holes were drilled in 2 areas south and south-east of the Killi Killi East 1 Prospect approximately 2 kms along strike from the westerly holes reported above. KK071 & 072 were targeted at REE mineralised outcrops near a postulated cross structure and 2 metre sections near the collar of both holes returned anomalous values. The other 4 holes were grouped around mineralised outcrops with a distinct E-W cleavage, and hole KK074 reported a 6 metre zone of elevated REE values.

Both areas drilled demonstrated coincident elevated Sr levels as in previous drilling at Killi Killi East and as reported in the latest holes from Killi Killi West.

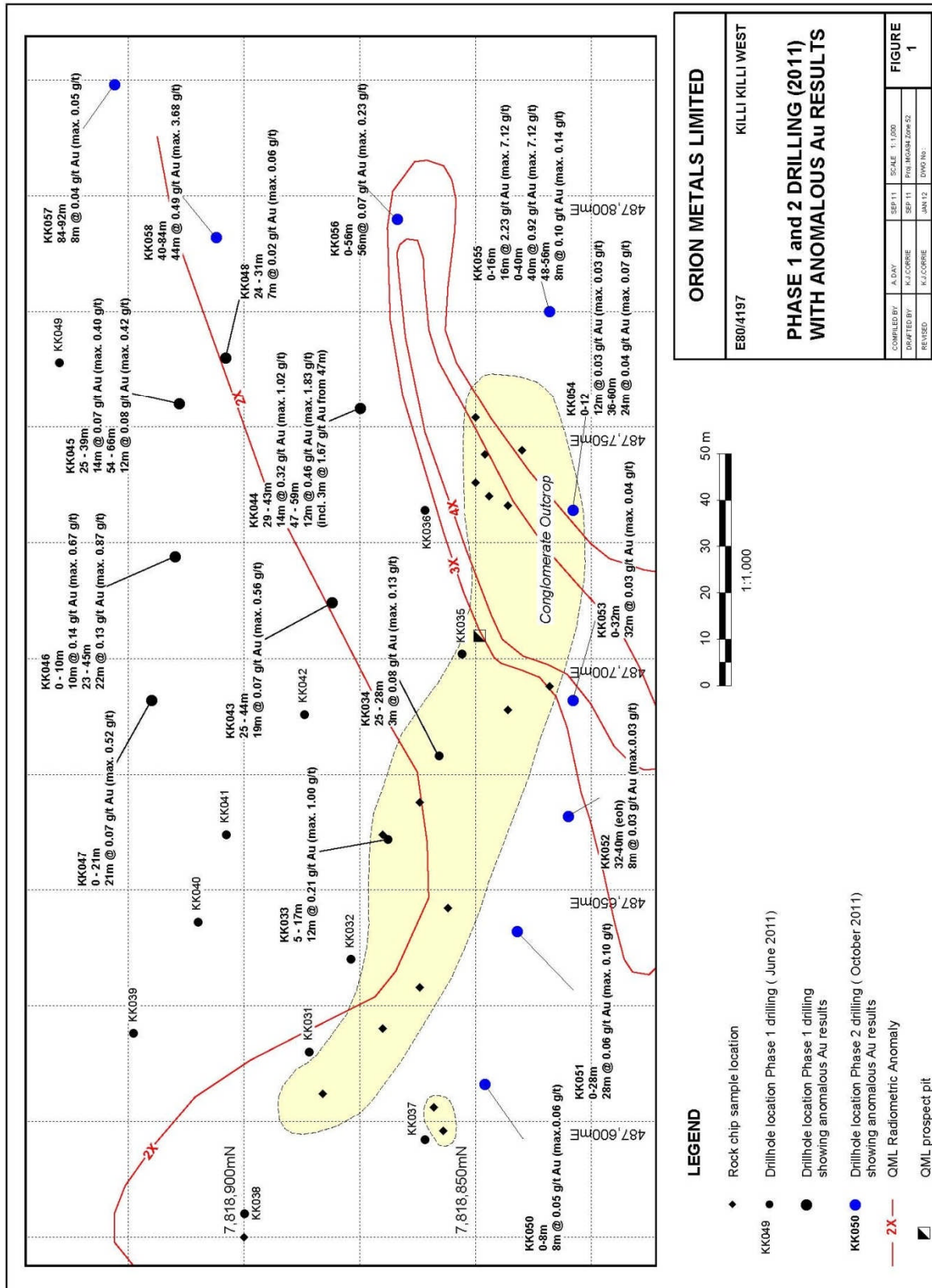
Follow-up programmes are now being formulated for the 2012 season after the northern monsoon season.

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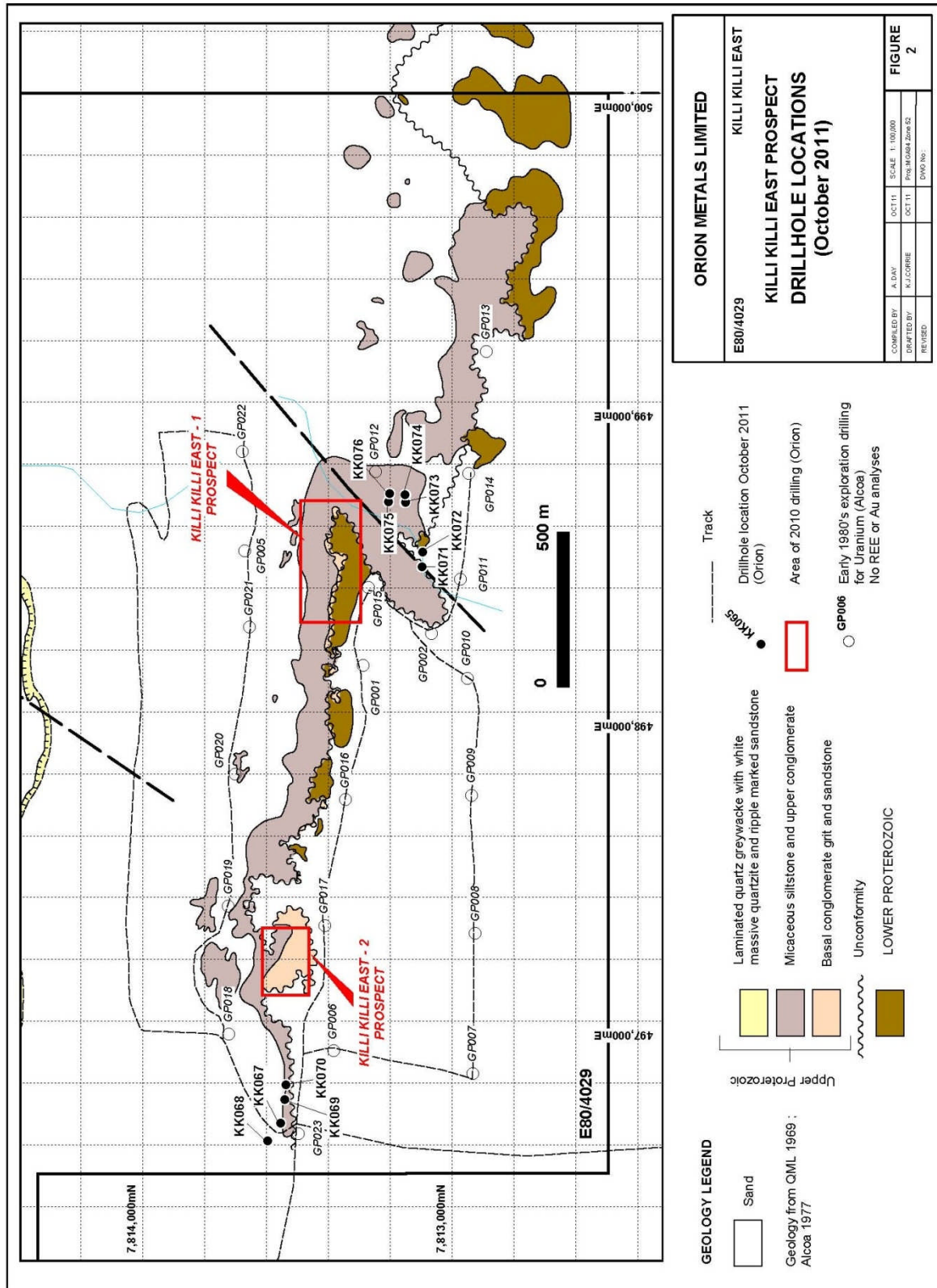




**TABLE 1 - Anomalous Gold Intercepts at Killi Killi West**

<b>HOLE NO.</b>	<b>INTERCEPT</b>	<b>METRES</b>	<b>Au g/t</b>	<b>MAX. VALUE</b>
KK033	5 - 17	12	0.21	1.00
KK034	25 - 28	3	0.08	0.13
KK043	25 - 44	19	0.07	0.56
KK044	29 - 43	14	0.32	1.02
	47 - 59	12	0.46	1.83
	47 - 50	3	1.67	1.83
KK045	25 - 39	14	0.07	0.40
	54 - 66	12	0.08	0.42
KK046	0 - 10	10	0.14	0.67
	23 - 45	22	0.13	0.67
KK047	0 - 21	21	0.07	0.52
KK048	24 - 31	7	0.02	0.06
<b>KK050</b>	0 - 8	8	0.05	0.06
<b>KK051</b>	0 - 28	28	0.06	0.10
<b>KK052</b>	32 - 40(EoH)	8	0.03	0.03
<b>KK053</b>	0 - 32	32	0.03	0.04
<b>KK054</b>	0 - 12	12	0.03	0.03
	36 - 60	24	0.04	0.07
<b>KK055</b>	0 - 16	16	2.23	7.12
	0 - 40	40	0.92	7.12
	48 - 56	8	0.10	0.14
<b>KK056</b>	0 - 56	56	0.07	0.23
<b>KK057</b>	84 - 92	8	0.04	0.05
<b>KK058</b>	40 - 84	44	0.49	3.68

Note: **Hole numbers in bold** signify holes drilled in October 2011.





**TABLE 2 – REE Assay Results – Killi Killi East**

<b>HOLE</b>	<b>Intercept</b>	<b>Ce</b>	<b>Dy</b>	<b>Er</b>	<b>Eu</b>	<b>Gd</b>	<b>La</b>	<b>Nd</b>	<b>Sm</b>	<b>Tb</b>	<b>Sr</b>
KK067	4 - 5m	128	2.1	1.2	1.25	5.1	55	72	9.7	0.58	393
KK068	0 – 1m	843	10.4	8.1	5.15	24.5	335	441	54.0	2.65	2530
KK069	4 - 5m	131	2.9	1.3	1.73	6.9	56	73	12.4	0.80	418
KK070	3 - 4m	492	8.5	2.4	6.59	28.6	191	333	52.9	2.97	1970
KK071	0 – 2m	185	34.4	19.0	6.82	41.4	79	130	38.9	6.12	1108
KK072	2– 4m	102	5.8	2.5	1.95	9.9	53	44	8.6	1.31	363
KK073	2 – 4m	227	7.7	2.0	3.80	20.5	88	150	27.6	2.35	2350
KK074	0 – 6m	301	3.6	1.7	3.61	15.9	106	266	39.2	1.40	1898
KK075	1 – 3m	108	4.7	1.5	1.60	8.4	49	56	9.7	1.13	1402
KK076	4 – 5m	106	4.3	1.5	1.75	8.0	32	59	10.3	1.08	832

*"The information in this report that relates to exploration results is based on information compiled by Mr Adrian Day, who is a Member of the Australian Institute of Geoscientists and who has sufficient experience 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the "JORC Code"). Mr Day is a non-executive Director of Orion Metals Limited and is employed by Australian Asiatic Gems Pty Ltd, a consultant to the Company. Mr Day consents to the inclusion in this report of the matters based on his information in the form and context in which it appears."*