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ASX RELEASE

20 SEPTEMBER 2012

KILLI KILLI REE & GOLD PROJECT DRILLING RESULTS RECEIVED

Orion Metals Limited (ASX:ORM) announces that results from the latest drilling programme at the Killi Killi Hills Project (Killi Killi East and Killi Killi West) have now been received and reviewed. The Killi Killi East and West Prospects are located in the Tanami Desert on the Western Australian side of the WA: NT border, 30 kms north east of the Coyote gold mine.

The purpose of the drilling programme at **Killi Killi East** was to test the lateral continuity and persistence at depth of the REE mineralisation in outcrops in the 800 metre interval between the two Killi Killi East Prospects as reported on 21 June. A total of 24 RC holes aggregating 908 metres was completed in July and are located on **Figure 1** attached.

Analysis of rare earth elements (REE) from Killi Killi East was disappointing with little or none of the anomalism displayed by the surface samples being repeated in the drill samples. Also the coincident gold or strontium geochemistry previously noted in association with the Killi Killi REE mineralisation was not evident in the results.

Interpretation of these analytical results infers that the Killi Killi REE mineralisation is probably not due to hydrothermal activity but related more to weathering and/or diagenetic processes.

At **Killi Killi West** two north-south traverses of 4 RC drill holes each (a total of 940 metres) were completed to test possible extensions of gold mineralisation encountered in previous drill lines to the west. The location of these holes is depicted on **Figure 2** attached.

Gold anomalism was confined to 3 of the 8 holes as follows:-

KKO - 111	36 to 40m	4 metres @ 0.50 g/t Au
KKO - 113	56 to 60m	4 metres @ 3.00 g/t Au
KKO - 116	68 to 76m	8 metres @ 4.20 g/t Au

Again, as previously encountered at the Prospect, no anomalous REE values were recorded in the deeper sections away from the outcrop. This again points to a superficial distribution and genesis of REE at Killi Killi West in accordance with features noted at Killi Killi East.

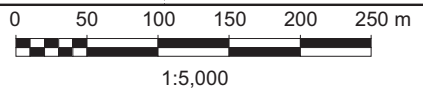
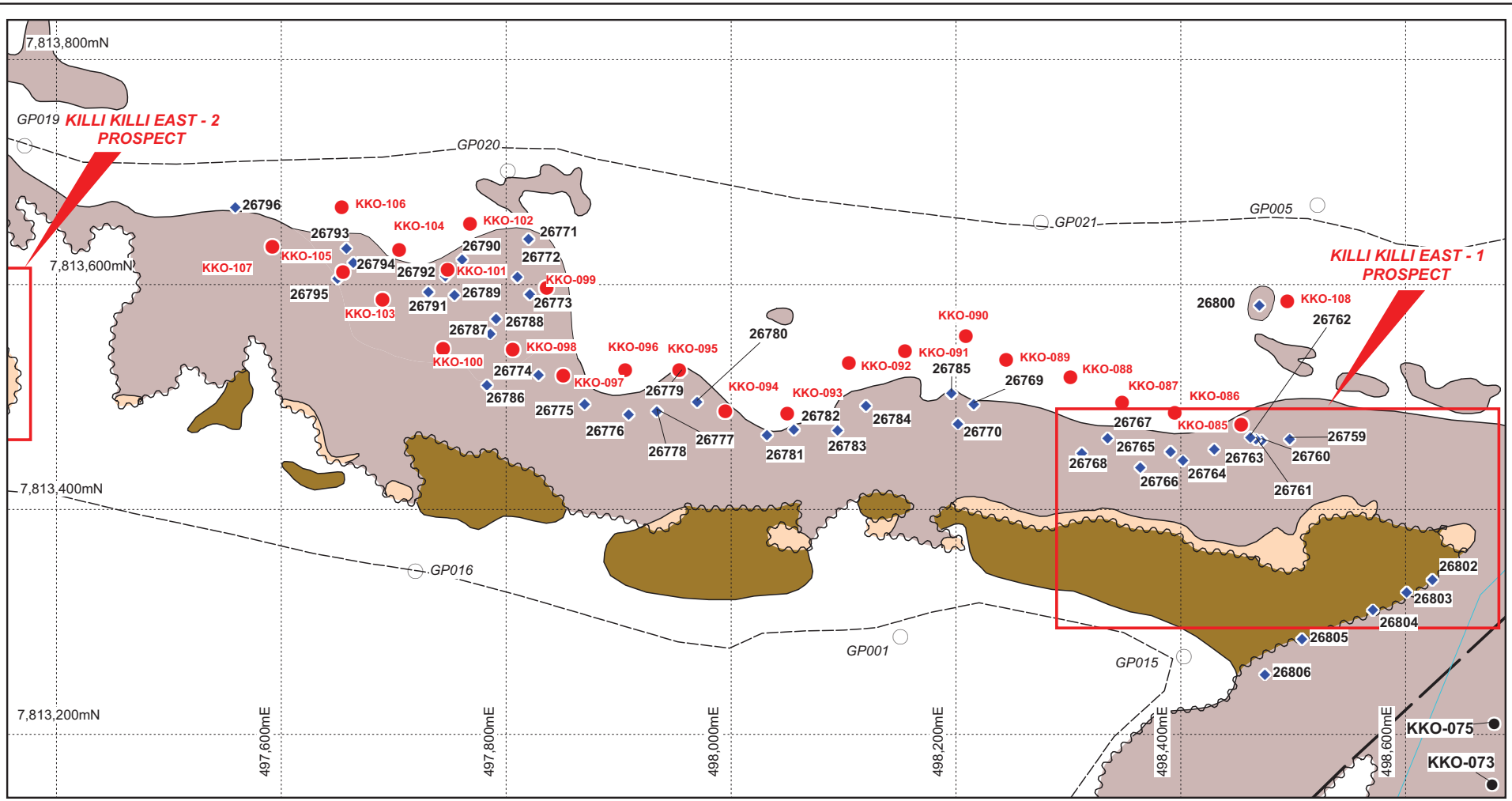
In the coming months the Killi Killi Project will be reviewed using independent consultants and internal experts in order to plan the next phase of field activities. This will include programming of reconnaissance exploration of the 4 exploration licences yet to be granted in the region.

For further information please contact:

Garry Gill
Chief Operating Officer
Orion Metals Limited
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For further information on Orion Metals Limited visit www.orionmetals.com.au

“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 consultant to Orion Metals Limited and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears”.



GEOLOGY LEGEND

- Sand
- Geology from QML 1969 ; Alcoa 1977
- Upper Proterozoic
 - Laminated quartz greywacke with white massive quartzite and ripple marked sandstone
 - Micaceous siltstone and upper conglomerate
 - Basal conglomerate grit and sandstone
- Unconformity
- LOWER PROTEROZOIC

- KKO-065 Drillhole location October 2011 (Orion)
- KKO-090 Drillhole location July 2012 (Orion)
- Area of 2010/2011 drilling (Orion)
- GP006 Early 1980's exploration drilling for Uranium (Alcoa) No REE or Au analyses
- Rock chip sample location 2012
- Track

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E80/4029 **KILLI KILLI EAST**

KILLI KILLI EAST PROSPECT

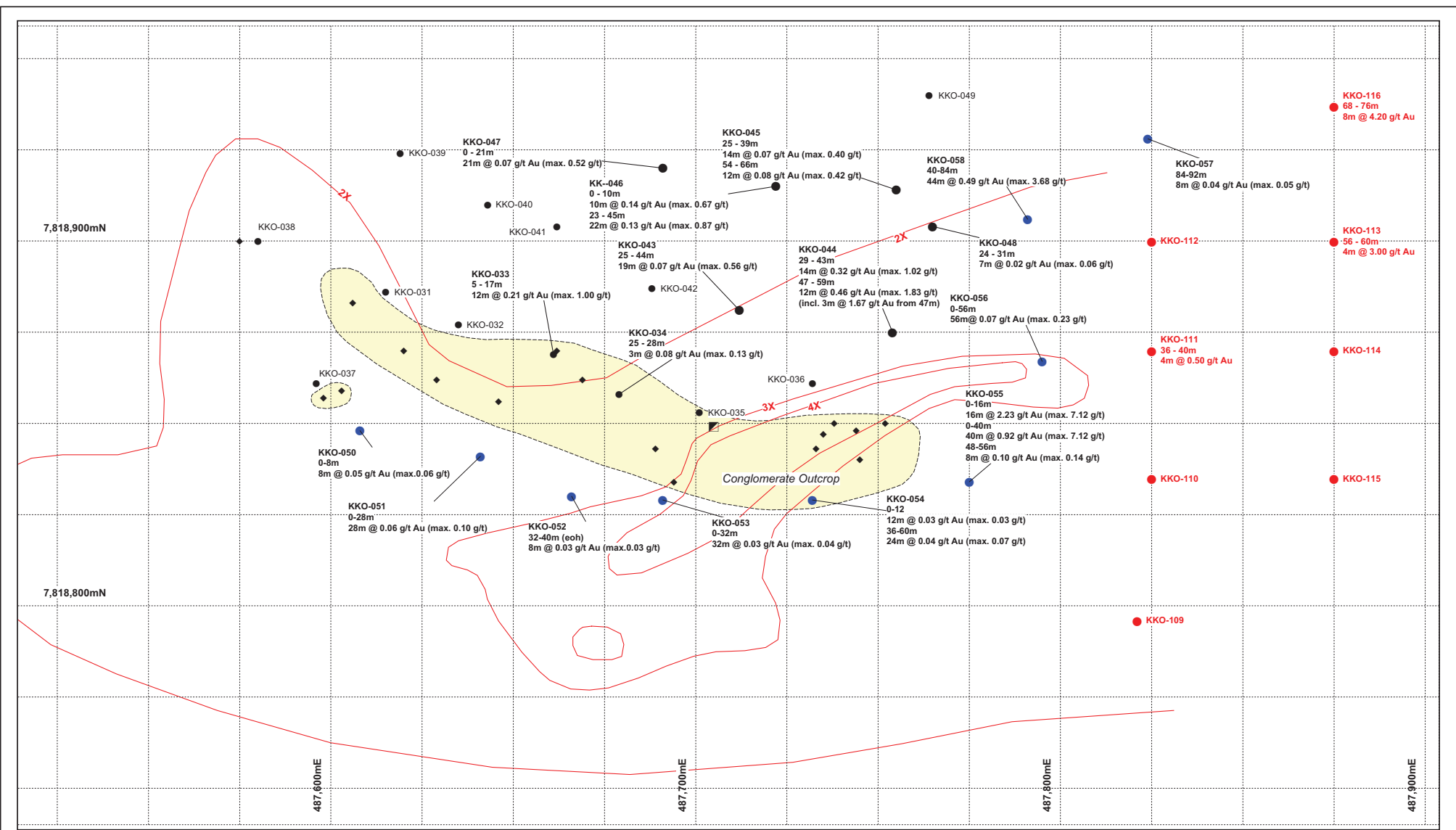
ROCK CHIP SAMPLE LOCATIONS

(JUNE 2012)

and

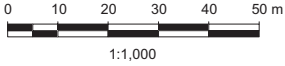
2012 DRILLING

COMPILED BY	A. DAY	JUN 12	SCALE 1:5,000	FIGURE 1
DRAFTED BY	K.J.CORRIE	JUN 12	Proj.:MGA94 Zone 52	
REVISED	K.J.CORRIE	AUG 12	DWG No :	



LEGEND

- ◆ Rock chip sample location
- KKO-049 Drillhole location Phase 1 drilling (June 2011)
- Drillhole location Phase 1 drilling showing anomalous Au results
- KKO-050 Drillhole location Phase 2 drilling (October 2011) showing anomalous Au results
- KKO-111 Drillhole location (July 2012)
- 2X — QML Radiometric Anomaly
- ▣ QML prospect pit



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E80/4197		KILLI KILLI WEST	
DRILLHOLE LOCATIONS			
COMPILED BY	A. DAY	SEP 11	SCALE 1:1,000
DRAFTED BY	K.J.CORRIE	SEP 11	Proj. M3A04A Zone 52
REVISED	K.J.CORRIE	AUG 12	DWG No :
			FIGURE 2