



ORION METALS LIMITED (ASX: ORM)

ACTIVITIES REPORT FOR QUARTER ENDING 31st August 2014.

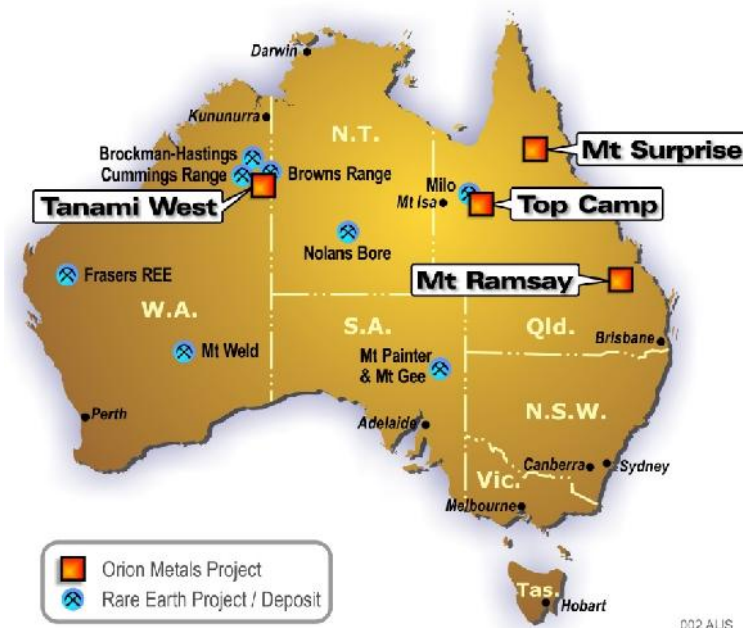
EXPLORATION ACTIVITIES

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: 14th 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: 1st 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 10th 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.

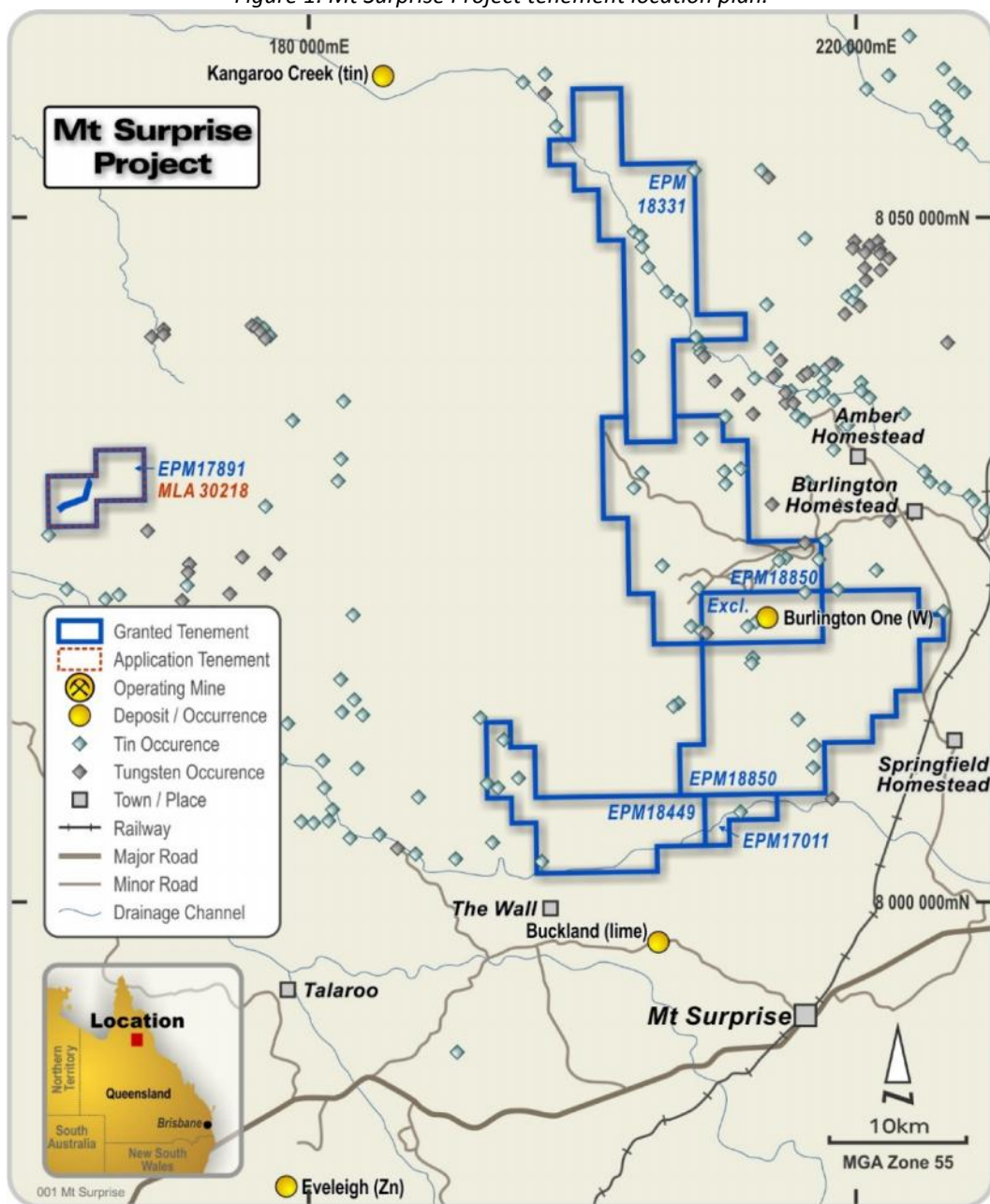
Field exploration commenced this quarter with stream sediment sampling, rock chip sampling, and minor soil sampling supported by local prospect scale geological mapping.

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.

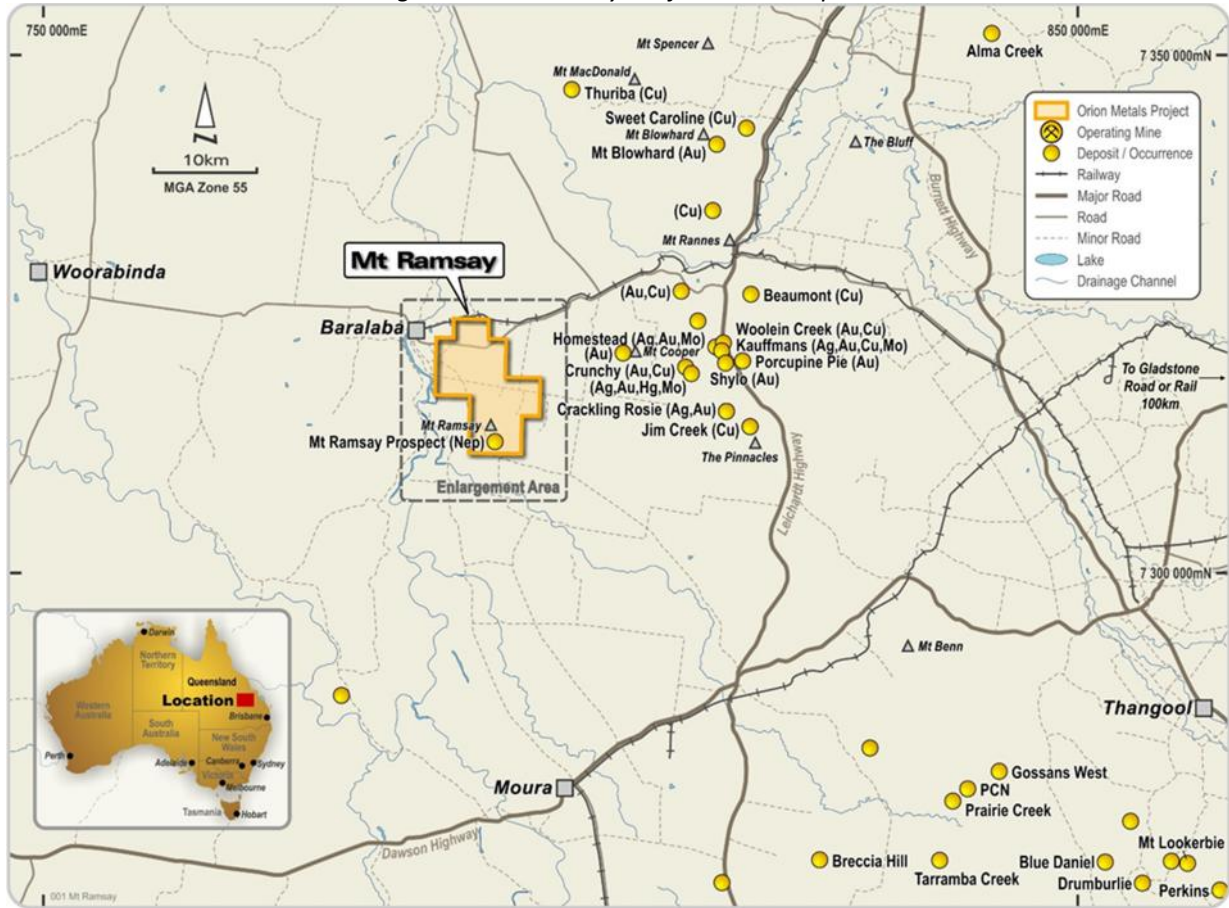
This Mt Ramsay EPM is 100% Orion Metals Limited owned.

Tenement EPM 25677 was granted 11th 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 9th 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 31st 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

Level 24, 71 Eagle Street, Brisbane, Queensland

GPO Box 7115 Brisbane Qld 4001

Phone: 61 7 3020 0000

Fax: 61 7 3020 0011

www.orionmetals.com.au

TENEMENT SCHEDULE

ORM TENEMENT LIST at 31st August 2014

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	14/10/2014*	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
MT SURPRISE PROJECT							
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
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 ** Subject to Royalty							
* Under Application for Extension of Term							