



ORION METALS LIMITED (ASX: ORM)

ACTIVITIES REPORT FOR QUARTER ENDING 28th February 2015.

EXPLORATION ACTIVITIES

As a consequence of the global mining and exploration industry down-turn, exploration field work is being critically reviewed against available budget while current and future funding options are evaluated. In the meantime, desktop study work continued with the focus primarily on gold exploration opportunities at Top Camp Project.

Top Camp, sited on the banks of the Cloncurry River, is one of Cloncurry’s historic alluvial gold mining areas and was acquired for the original IPO of Queensland Gold and Minerals Ltd, which later became Orion Metals Ltd (ORM). Top Camp Project remains a high priority exploration objective for ORM; for both the insitu and alluvial gold opportunities.



Three new REE prospective tenements were applied for in the Tanami West Project area, while as part of an ongoing review and rationalisation of ORM’s Project tenure, one tenement from Tanami West Project was relinquished and ORM withdrew from an exploration agreement with J.W.Withers for access to two small tenements in NE Queensland.

Project Updates

TANAMI WEST PROJECT

RARE EARTH ELEMENT (REE) & GOLD PROJECT

200kms southeast of Halls Creek, WA

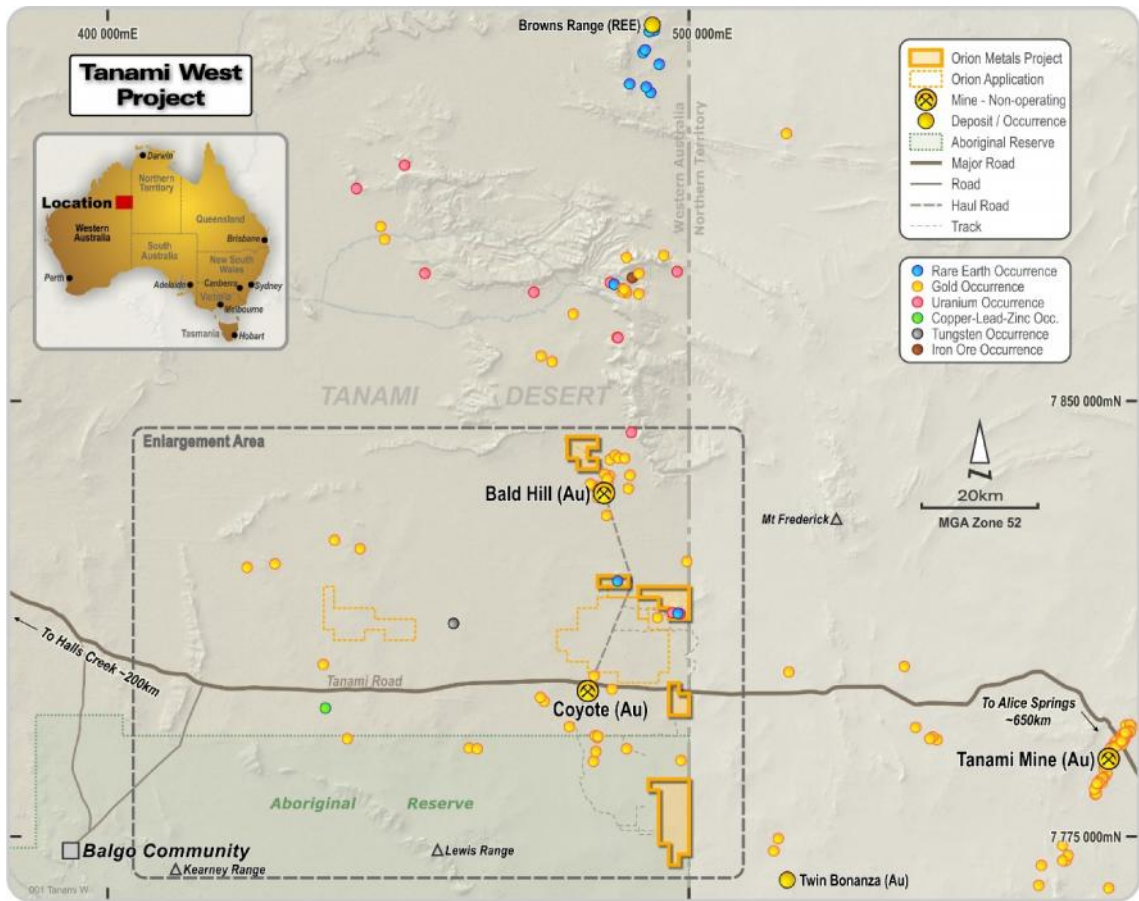
E80/4029, E80/4197, E80/4556, E80/4558, E80/4559, E80/4869 (applic), E80/4919 (applic), E80/4920 (applic), E80/4921 (applic).

All Tanami West tenure is 100% Orion Metals Limited owned. Three tenements have been applied for, one tenement (E80/4869) is due to be granted, and tenement E80/4595 comprising of 113 sub-blocks was relinquished due to its high cost and diminished prospectivity.

Field based exploration activities are yet to commence due to ongoing land access negotiations with the Kimberley Land Council.

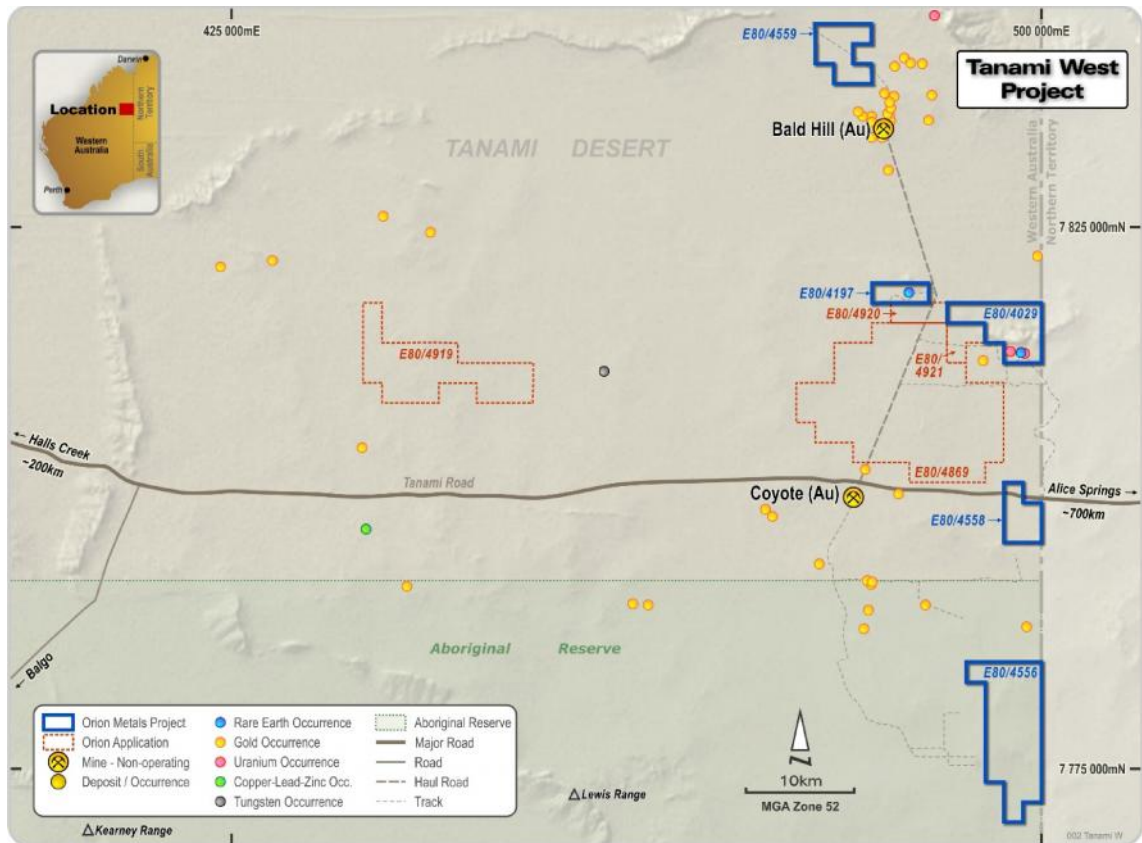
Updated tenement diagrams are presented here as figures 1 and 2.

Figure 1: Tanami West Project location.



Note: Orion Metals Project tenure outlined in bold orange. The background showing topography.

Figure 2: Tanami West Project tenement location plan.



Note: Orion Metals Project tenure outlined in bold blue, with tenement applications as dotted red lines.

MT SURPRISE PROJECT

RARE EARTH ELEMENT (REE), TIN, TUNGSTEN PROJECT

Northeast of Mt Surprise, North Queensland

EPM 18449, EPM 18850, EPM 18331.

All the Mt Surprise Project tenure now is 100% Orion Metals Limited held.

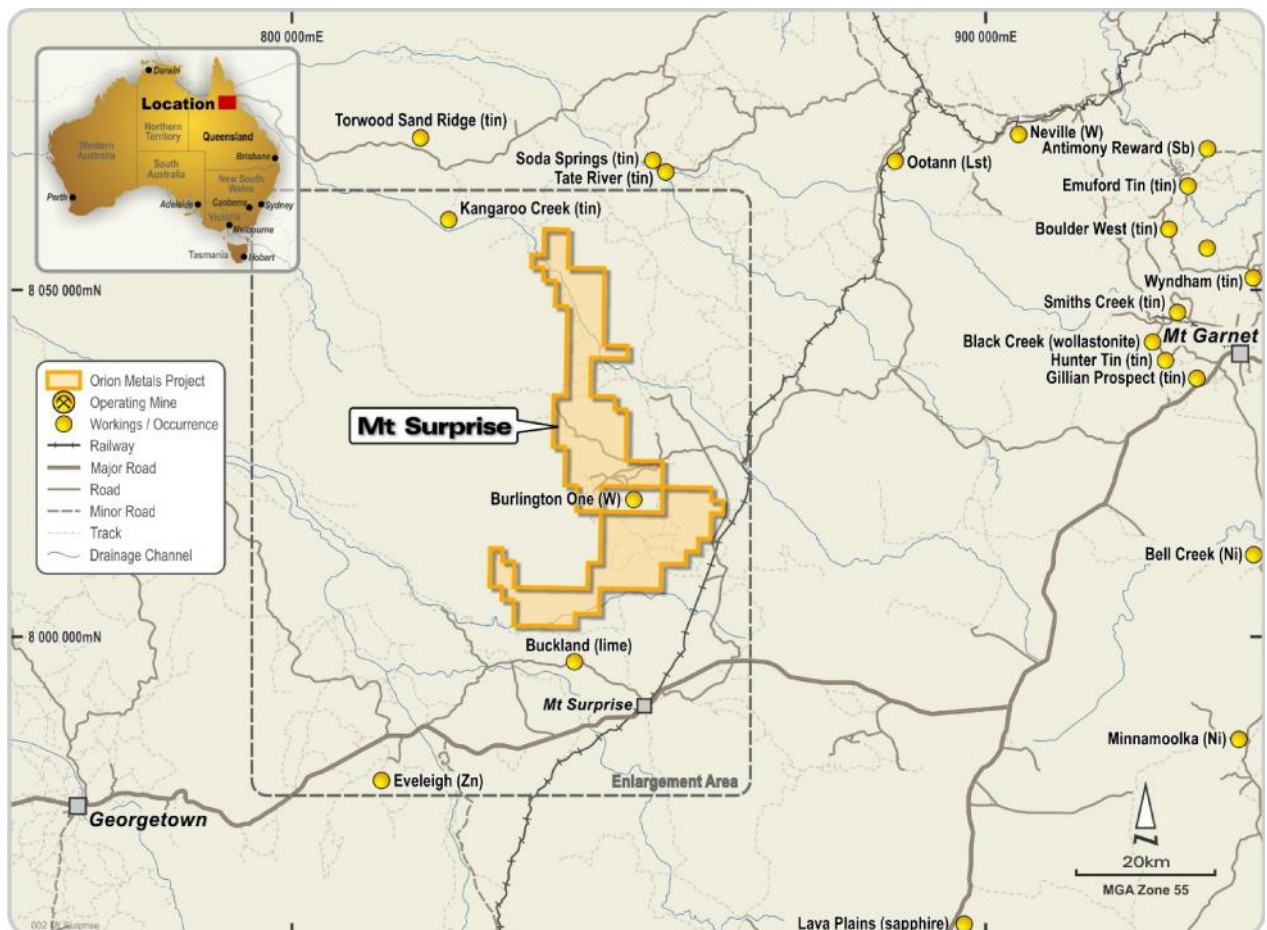
The agreement between ORM and J.W.Withers for exploration access across tenements EPM 17011, EPM 17891, and MLA 30128 has been terminated (*ASX ORM: Exploration tenement update, 19th December 2014*).

There has been no field work this quarter

The Mt Surprise Project area encompasses over 500 square km (Figures 3 and 4) of prospective tin, tungsten, and REE tenure in an area with a long history of tin and tungsten mining.

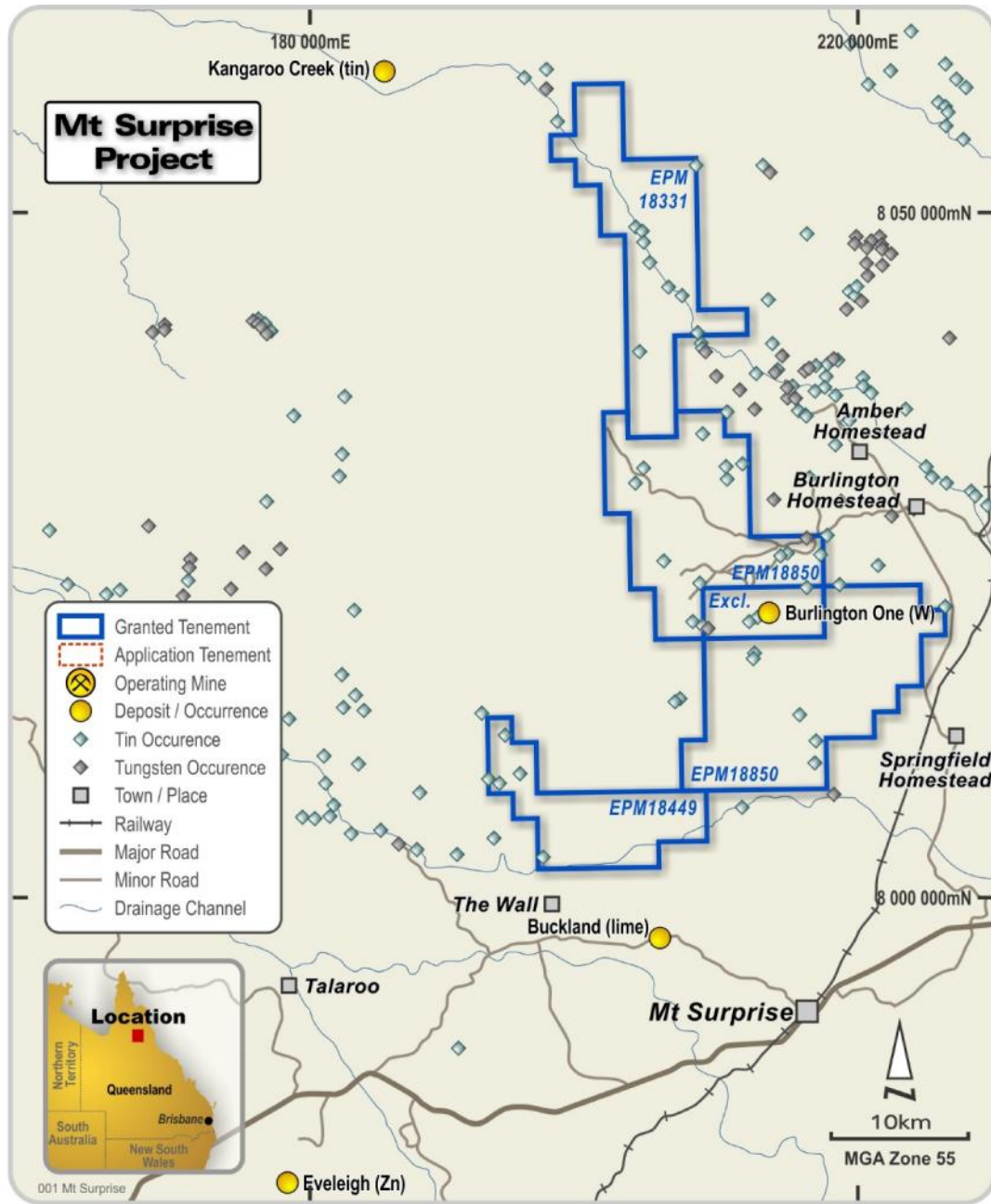
The next phase of regional sampling involves some helicopter supported stream sediment work, soil sampling, and geological mapping. Work is expected to commence mid-year 2015.

Figure 3: Mt Surprise Project location plan



Note: Orion Metals Project tenure outlined in bold orange.

Figure 4: Mt Surprise Project tenement location plan



Note: Orion Metals Project tenure outlined in bold blue, with local tin and tungsten occurrences presented.

TOP CAMP PROJECT

GOLD COPPER PROJECT

40km 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. ML2764 has had renewal applications lodged with the Queensland Department of Natural Resources and Mines. The new grant date is expected soon.

There has been no field work this quarter

The next phase of work is a complete compilation of archival data, construction of geological and geophysical interpretation maps, supported by on ground assessment and geological fact mapping.

This data evaluation and compilation of technical information is a precursor to the next round of field work scheduled for the next quarter.

Mt RAMSAY PROJECT

RARE EARTH ELEMENT (REE) PROJECT

200km west of Gladstone, Queensland

EPM 25677.

EPM 25677 is 100% Orion Metals Limited owned.

All land access approvals for Mt Ramsay Project are in place ready for the commencement of field operations in 2015. No field work was conducted this quarter. Field work is now expected to commence early to mid-2015.

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.

TENEMENT SCHEDULE

ORM TENEMENT LIST at 28th February 2015							
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	14/10/2019	3	\$30,000
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
E80/4869	Tanami Region, WA	RRI * 100%	Application			61	N/A
E80/4919	Tanami Region, WA	RRI * 100%	Application			22	N/A
E80/4920	Tanami Region, WA	RRI * 100%	Application			3	N/A
E80/4921	Tanami Region, WA	RRI * 100%	Application			3	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
MT RAMSAY PROJECT							
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
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.							

CORPORATE

Company Update

Dr Tao Li resigned as a non-executive Director representing the Company's second largest shareholder, Jien Mining Pty Ltd, as at 31 December 2014 and Dr Michelle Li was appointed on 2 February 2015 as his replacement representing Jien Mining. The two Drs Li are not related.

Michelle Li is a mineral processing engineer and metallurgist with over 20 years' experience in the Australian mining sector. Her experience includes senior roles at Citic Pacific, Rio Tinto and Iluka Resources, as well as a senior project role at the Grange Resources Southdown project. She holds a PhD from the University of Queensland and is a graduate member of the Australian Institute of Company Directors

She is currently also non-executive chairman and member of the Audit & Risk and Remuneration & Nomination Committees of ASX-listed Grange Resources Limited ('GRR') where she has been a director since October 2013.

With the industry down-turn the Board took the decision to curtail exploration activities for the time being and so 2 Perth based exploration field staff, and 2 Brisbane based office staff, were made redundant as part of an overall costs reduction exercise.

Apart from this, there have been no material changes in the Company's activities or operations during or since the end of the quarter.

Financial

Cash balance as at 28 February 2015 is approximately \$860k.

CORPORATE DIRECTORY

ORION METALS LIMITED

ASX Code: ORM

ABN: 89 096 142 737

Issued Capital as at 28 February 2015

145,097,443 shares issued & listed

397 shareholders

Top 20 shareholders

Hold 95.6% of listed shares

Largest shareholders

Conglin Group / Mr Conglin Yue 72.8%

Jien Mining Pty Ltd 15.9%

Board

Mr Conglin Yue – Executive Chairman & CEO

Ms Yanchun Wang – Non-executive Director

Dr Michelle Li – Non-executive Director

Mr Bin Cai - Executive Director & CFO

Company Secretary

Mr Bill Lyne

Contact Details

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www.orionmetals.com.au

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 142737

Quarter ended ("current quarter")

28 February 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers and GST	-	71
1.2 Payments for (a) exploration & evaluation	(94)	(901)
(b) development	-	-
(c) production	-	-
(d) administration	(164)	(676)
1.3 Dividends received	-	
1.4 Interest and other items of a similar nature received	4	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 R & D tax offset	-	150
Net Operating Cash Flows	(254)	(1,329)
Cash flows related to investing activities		
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)	-	-
Net investing cash flows	-	(4)
1.13 Total operating and investing cash flows (carried forward)	(254)	(1,333)

+ 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)	(254)	(1,333)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,037
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Share issue costs	(20)	(52)
	Net financing cash flows	(20)	985
	Net increase (decrease) in cash held	(274)	(348)
1.20	Cash at beginning of quarter/year to date	1,133	1,207
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	859	859

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	12
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

2,500,000 shares were issued on 1/12/14 under the Share Purchase Plan (see s7.4). The \$37,500 for subscribing to these shares was received at the end of the previous quarter.

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

+ See chapter 19 for defined terms.

- 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	75
4.2 Development	-
4.3 Production	-
4.4 Administration	122
Total	197

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	836	1,061
5.2 Deposits at call	23	72
5.3 Bank overdraft		-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	859	1,133

+ 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 E80/4596 Tanami Desert	100%	100%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased Nil	Nil	Nil	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)				
7.2 Opening balance 30/11/14 (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities Opening balance 30/11/14	142,597,443	142,597,443		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,500,000 -	2,500,000 -		
7.5 +Convertible debt securities (description)	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	-	-	<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)	-	-		
7.12 Unsecured notes (totals only)	-	-		

+ 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: 25 March 2015
..... Date:
(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.