



# ORION METALS LIMITED (ASX: ORM)

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

### EXPLORATION ACTIVITIES

This quarter of exploration activities has seen field implementation of technical planning recently completed. The planning was a product of the assessment of months of data compilation, data entry and validation.

During this quarter, field work commenced at the Broughton Creek Project. The reconnaissance program entailed stream sediment and rock chip sampling, supported with geological supervision, and reconnaissance level mapping.



Killi Killi Hills Project and Mt Surprise Project both have had desktop work initiated and field work planned and scheduled for next quarter.

The name of the NE Queensland located project Fulford has been replaced with the name Mt Surprise Project.

As part of an ongoing effort, Orion Metals Limited has continued to search for new exploration opportunities, and have assembled applications for new tenements in both Western Australia, and Queensland.

### Project Updates

#### KILLI KILLI HILLS

#### 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.**

All Killi Killi Hills tenure is 100% Orion Metals Limited owned.

Planning is in place for the commencement of the first phase of geochemical sampling, which will comprise of soil sampling and rock chip sampling. This regional effort will be complimented with regolith and geological mapping activities.

Ground based activities are expected to commence next quarter 2014.

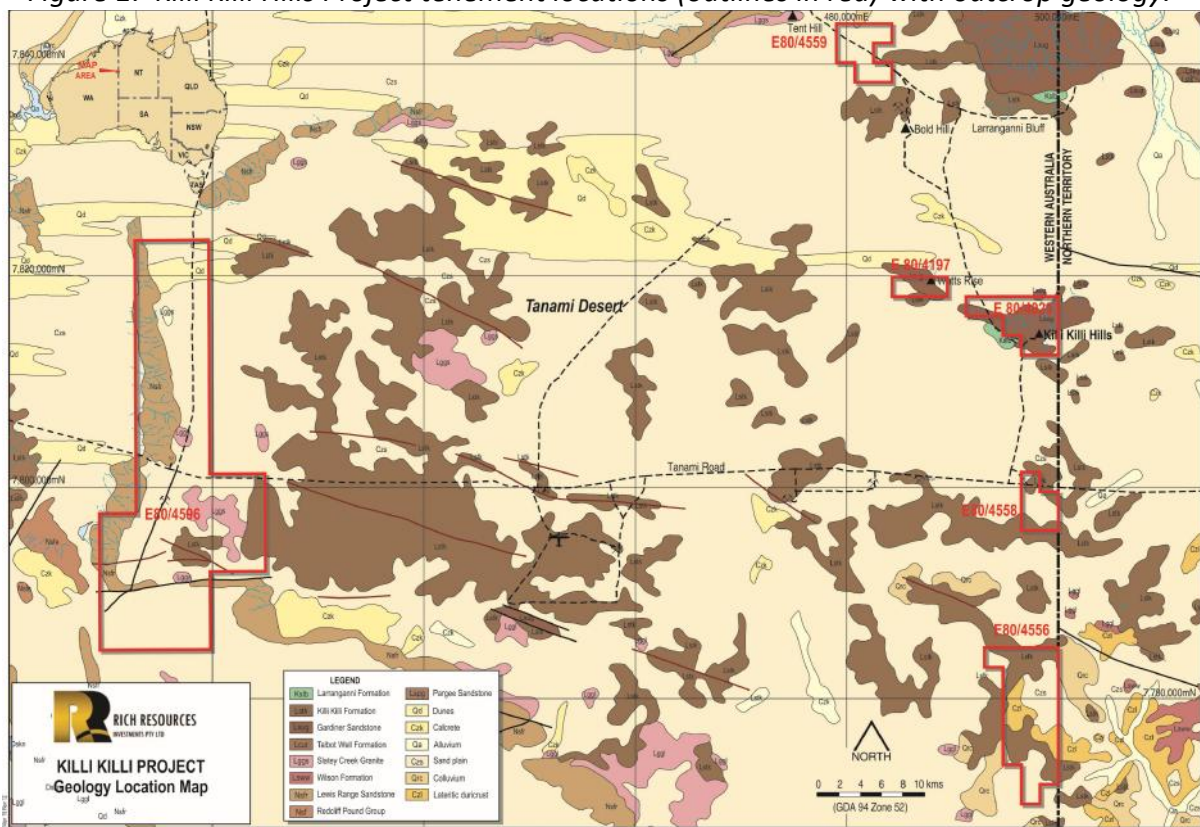
A new Heritage Impact Assessment Notice has been lodged with the Kimberley Land Council (KLC), in line with the requirements of the Company's Heritage Protection Agreement (HPA). Some detail is still to be supplied, and access negotiations are continuing.

### Tenement Update

An application has been made for a Renewal and Extension of Term for REE and gold prospective tenement E80/4029.

The current Killi Killi Hills Project tenement layout is presented in Figure 1.

*Figure 1: Killi Killi Hills Project tenement locations (outlines in red) with outcrop geology.*



## **BROUGHTON CREEK PROJECT**

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

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

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

The Broughton Creek Project is a farm-in/joint venture between Orion Metals Limited and Broughton Minerals Pty Ltd. Orion Metals Limited is farming in to the Project and is currently in the earning period of the JV. Orion Metals Limited is manager of the project.

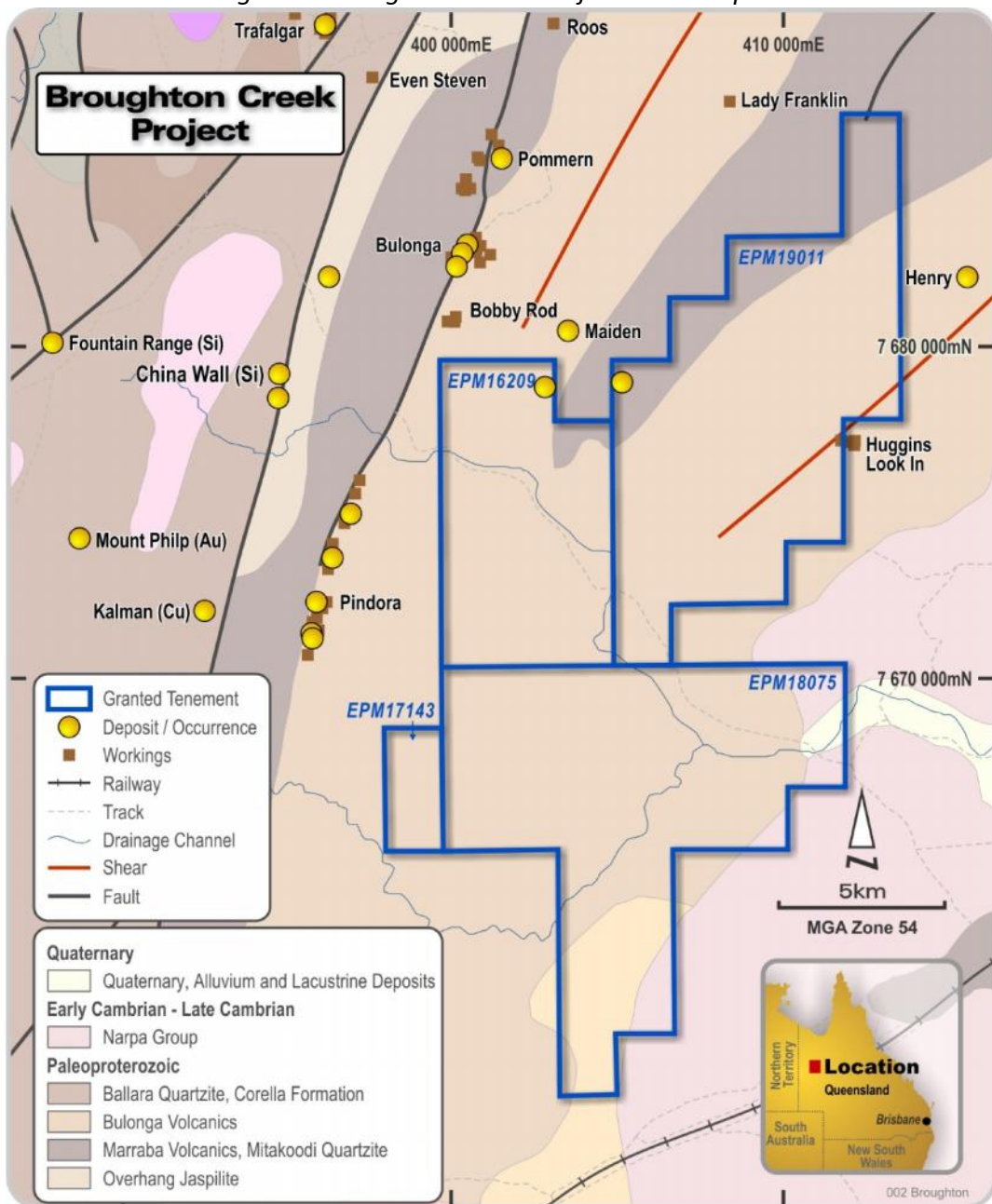
The desktop review titled “Mineral Exploration Conducted and Existing Exploration Potential” was completed, along with archive data compilation and validation. The product of the review and the supporting database work is the on-ground regional sampling exercise started in May 2014.

This quarter, on-ground regional exploration work commenced (ORM ASX announcement, 27<sup>th</sup> May 2014). The program comprised of stream sediment samples and rock chip samples taken from across the entire granted tenement package at that date, which comprised of EPM16209, EPM 17143, and EPM 19011.

**Tenement Update**

EPM 18075, comprising of 27 sub-blocks (approximately 86 sq km) has been granted (ORM ASX Announcement, 10<sup>th</sup> June 2014) increasing the Broughton Creek Project tenement holding to 220 sq km (Refer Figure 2).

Figure 2: Broughton Creek Project location plan



## **MT SURPRISE PROJECT**

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

**Northeast of Mt Surprise, North Queensland**

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

No field work was carried out within the Mt Surprise Project area during the reporting period.

Reconnaissance field work is scheduled for next quarter; there is a desktop review of the publically available relevant data underway which is due for completion mid-year 2014.

It is expected that all early exploration work will be regional stream and soil sampling supported by regional mapping and rock chips. This tenement package remains prospective for REE, tin, tungsten, gold, and base metals.

## **TOP CAMP**

### **GOLD COPPER PROJECT**

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

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

All Top Camp mining leases are 100% Orion Metals Limited owned.

No field work was carried out within the Top Camp leases during the reporting period.

## **CORPORATE**

### **Company Update**

There have been no material changes in the Company's activities or operations. One part time Perth based staff member was made redundant following budget adjustments.

### **Financial**

Cash balance as at 31<sup>st</sup> May 2014 is \$0.99M.

## TENEMENT SCHEDULE

### ORM TENEMENT LIST at 31st May 2014

Tenement ID	Location	Registered Holder	Status	Granted Date	Expiry Date	Area (Sub-blocks)	Minimum Expend
<b>KILLI KILLI HILLS PROJECT</b>							
E80/4029	Tanami Region, WA	RRI * 100%	Granted	16/04/2009	15/04/2014*	10	\$30,000
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>							
EPMA 18331	Mt Surprise Area, Qld	ORM 100%	Application			42	N/A
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>BROUGHTON CK PROJECT</b>							
EPM 16209	SW of Cloncurry, Qld.	Broughton Minerals Pty Ltd 100%	Granted	27/03/2008	26/03/2016	14	\$200,000
EPM 17143	SW of Cloncurry, Qld.	Broughton Minerals Pty Ltd 100%	Granted	17/12/2009	16/12/2015	2	\$50,000
EPM 19011	SW of Cloncurry, Qld.	Broughton Minerals Pty Ltd 100%	Granted	28/06/2012	27/06/2015	26	\$30,000
EPM18075	SW of Cloncurry, Qld.	CNW Pty Ltd 100%	Granted	30/05/2014	29/05/2017	27	\$10,000
<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							

## **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 DIRECTORY**

### **ORION METALS LIMITED**

**ASX Code:           ORM**

**ABN:                   89 096 142 737**

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

92,597,443 shares issued & listed

500,000 unlisted options

402 shareholders

### **Top 20 shareholders**

Hold 93% 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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## 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 MAY 2014

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration & evaluation	(266)	(266)
(b) development	-	-
(c) production	-	-
(d) administration	(110)	(110)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 R & D tax concession	150	150
<b>Net Operating Cash Flows</b>	<b>(213)</b>	<b>(213)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(4)	(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>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(217)</b>	<b>(217)</b>

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(217)	(217)
	<b>Cash flows related to financing activities</b>		
1.14	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>	(217)	(217)
1.20	Cash at beginning of quarter/year to date	1,207	1,207
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	990	990

**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	9
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

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	476
4.2 Development	-
4.3 Production	-
4.4 Administration	184
<b>Total</b>	<b>660</b>

### 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	38	57
5.2 Deposits at call	352	150
5.3 Bank overdraft	-	-
5.4 Other (provide details)	600	1,000
<b>Total: cash at end of quarter (item 1.22)</b>	<b>990</b>	<b>1,207</b>

### 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	NIL			
6.2 Interests in mining tenements and petroleum tenements acquired or increased	EPM 18075	Per JV	0%	0%

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

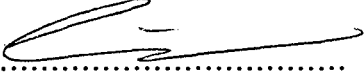
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	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> <i>(description)</i>	NIL	NIL	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 28/2/14</b>	92,597,443	92,597,443		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	NIL	NIL	NIL	NIL
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i> <b>Opening balance 28/2/14</b>	500,000	-	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 1/7/14
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ 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: 30/06/2010  
(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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