September 2014
QUARTERLY ACTIVITIES REPORT

ORREX RESOURCES LTD

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OPERATIONS REPORT

Overview

Orrex Resources Ltd ("Orrex" or the "Company") operates as a mineral explorer in Western Australia. Its principal asset is the Golden Mile South Project ("GMS"). Located in the heart of the Kalgoorlie region, Golden Mile South provides the potential for discovery of various styles of large gold deposits similar to those of the Eastern Goldfields.

A broad spaced program of aircore drilling comprising 27 holes for 1,795m was conducted during September 2014 to test the priority Lakewood target at GMS. Assay results for this program were received in mid-October 2014 and have defined an encouraging gold anomalous zone warranting further drill testing.

In additional to cautiously advancing the GMS Project, the Board is actively reviewing business opportunities in Australia and other favourable investment jurisdictions with the aim of securing a more advanced gold or copper-gold project that could deliver shareholder value in the nearer term. In that regard, as disclosed to ASX on 23 September 2014, Orrex has signed an agreement to acquire exploration claims in North America. The agreement is conditional and subject to detailed due diligence which has commenced.

Orrex currently holds a cash position net of current amounts due of $1.54m

Golden Mile South

As announced to ASX on 10 October 2014 the Company received encouraging assay results from an aircore drilling program completed during September 2014 at its Lakewood Prospect at the Golden Mile South Project ("GMS") (Figure 1) located 3km South East of the Kalgoorlie Superpit.

The drilling program returned anomalous gold assays (>0.10g/t Au) from 20 of the 27 holes. All anomalous intersections are summarised in Table 1.

- Best bedrock intersections include 2m @ 1.54g/t Au from 54m in hole 14LKA035, 3m @ 0.83g/t Au from 59m in hole 14LKA036, 3m @ 0.61g/t Au from 52m in hole 14LKA032, 2m @ 0.81g/t Au from 55m in hole 14LKA034, and 1m @ 0.56g/t from 56m in hole 14LKA41. Some additional gold intersections were also returned from the base of the palaeochannel at the cover-bedrock interface ("CBI").

- Holes were drilled vertically through 30 - 50m of palaeochannel overburden into a largely stripped residual weathering profile with the majority of the anomalous gold intersections located at the base of complete oxidation ("BOCO"). This mineralisation has been interpreted as a typical goldfields style supergene halo/blanket and was defined over an area of 800m x 350m. Mineralisation remains open to the north, northwest and south.

- An encouraging bedrock alteration system has been logged comprising sericite – silica ± albite ± pyrite which broadly follows a dolerite – sediment/volcaniclastic contact. Hole 14LKA041 intersected distinct bedrock gold mineralisation associated with finely quartz veined silica-sericite-pyrite altered sedimentary rocks and returned a best assay of 1m @ 0.56g/t Au confirming that bedrock gold mineralisation is present beneath the large low grade supergene anomaly. The extent of this bedrock mineralisation is currently unknown.

Planning and permitting of follow-up aircore and deeper penetrating RC drilling programs have commenced. These follow-up programs will be designed to test beneath the oxidised zones drilled to date, to further investigate the mineralised system.

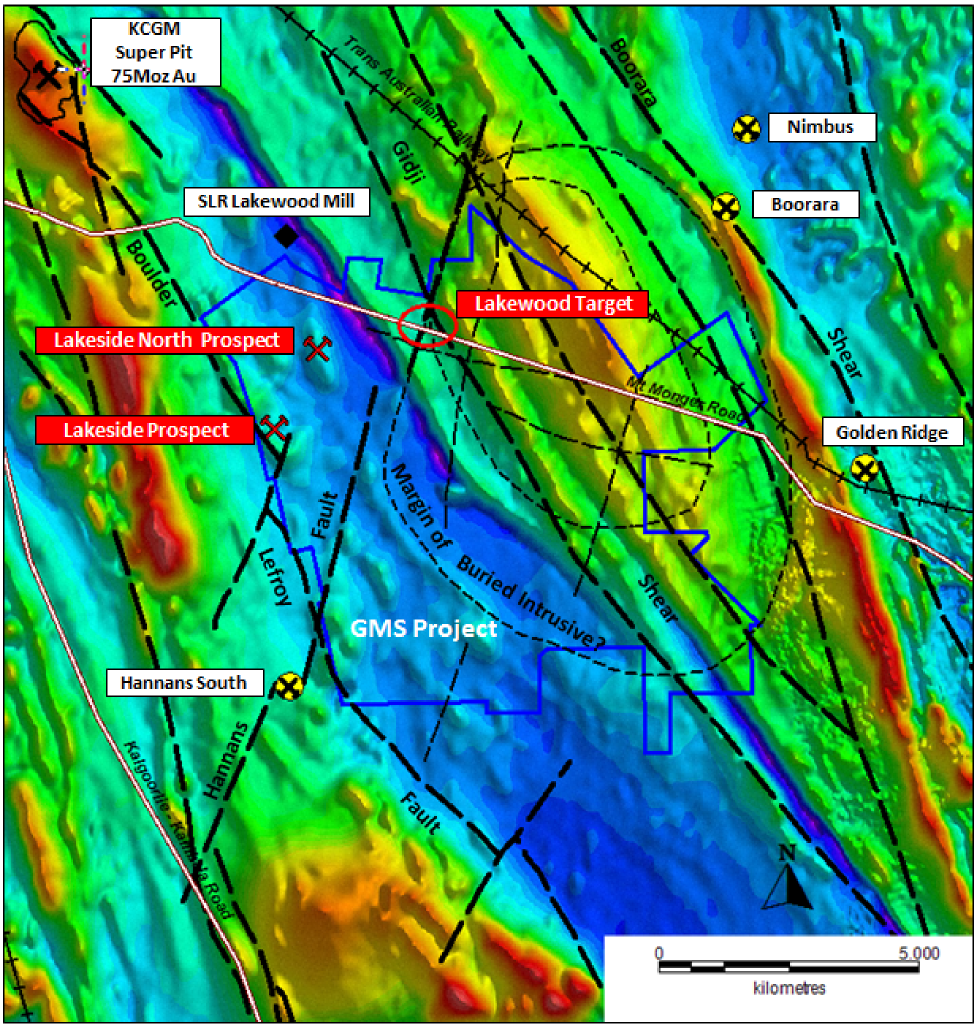

Figure 1 - GMS Project - Lakewood Target - Lithostructural Setting on Aeromagnetics

Detailed results

The program comprised a total of 27 aircore holes for 1,795m drilled on a nominal 200m x 100m pattern to test a compelling conceptual lithostructural target where the northeast trending Hannans Fault (which controls mineralisation at the historic Hannans South gold mine) intersects the south-southwest trending Gidji Shear system (which north of Kalgoorlie controls the multimillion ounce Paddington gold deposits). This intersection occurs at the margin of an interpreted buried intrusive body that can be seen in the Company's high resolution aeromagnetic data, and represents a potential "pressure shadow" setting known within the Goldfields to be potentially prospective (Figure 1).

Detailed geological logging of the drill holes has shown the entire prospect area is covered by 30-50m of Tertiary palaeochannel sediments over a partially stripped lateritic weathering profile meaning that the vertical drill holes generally only penetrated 5-20m into bedrock beneath the cover-bedrock interface ("CBI"). Despite this limitation, the program has successfully defined an extensive hydrothermal alteration system comprising favourable silica-sericite ± albite ± pyrite along the contact between a dolerite and intermediate volcaniclastics and sediments (Figure 2).

Table 1 - GMS Project – Lakewood Prospect - AC Drill Results

Hole ID	Prospect	Easting	Northing	RL (m)	Incl.	Azi.	Total Depth (m)	From (m)	To (m)	Interval (m)	Grade (g/t Au)	Comments
14LKA019	Lakewood	364300	6588900	300	-90	0	64	46	47	1	0.58	CBI
14LKA020	Lakewood	364200	6588900	300	-90	0	68	34	37	3	0.13	Bedrock
14LKA021	Lakewood	364000	6589200	300	-90	0	73	54	55	1	0.42	Bedrock
14LKA022	Lakewood	364200	6589500	300	-90	0	67	57	59	2	0.45	Bedrock
14LKA023	Lakewood	364100	6588900	300	-60	90	85	No Significant Assays				
14LKA024	Lakewood	364000	6588900	300	-60	90	95	29	30	1	0.21	Bedrock
								41	42	1	0.18	Bedrock
14LKA025	Lakewood	364200	6589100	300	-90	0	59	No Significant Assays				
14LKA026	Lakewood	364100	6589100	300	-90	0	92	36	40	4	0.15	Bedrock
14LKA027	Lakewood	364000	6589100	300	-90	0	84	55	57	2	0.88	CBI
14LKA028	Lakewood	363800	6589100	300	-90	0	62	No Significant Assays				
14LKA029	Lakewood	363900	6589200	300	-90	0	60	No Significant Assays				
14LKA030	Lakewood	364300	6589300	300	-90	0	69	No Significant Assays				
14LKA031	Lakewood	364200	6589300	300	-90	0	78	51	52	1	0.39	Bedrock
14LKA032	Lakewood	364400	6589500	300	-90	0	57	52	55	3	0.61	Bedrock
14LKA033	Lakewood	364500	6589500	300	-90	0	67	60	64	4	0.33	CBI
14LKA034	Lakewood	364500	6589700	300	-90	0	63	55	57	2	0.81	Bedrock
14LKA035	Lakewood	364400	6589700	300	-90	0	58	54	56	2	1.54	Bedrock
14LKA036	Lakewood	364300	6589690	300	-90	0	65	59	62	3	0.83	Bedrock
14LKA037	Lakewood	364200	6589700	300	-90	0	68	No Significant Assays				
14LKA038	Lakewood	364400	6589285	300	-90	0	51	No Significant Assays				
14LKA039	Lakewood	364400	6589200	300	-90	0	74	39	41	2	0.26	Bedrock
14LKA040	Lakewood	364500	6589200	300	-90	0	79	47	48	1	0.11	Bedrock
14LKA041	Lakewood	364300	6589400	300	-90	0	57	56	57	1	0.56	Bedrock
14LKA042	Lakewood	364400	6589400	300	-90	0	53	45	48	3	0.25	Bedrock
14LKA043	Lakewood	364500	6589300	300	-90	0	76	43	44	1	0.1	Bedrock
14LKA044	Lakewood	364600	6589300	300	-90	0	71	60	62	1	1.02	CBI

The majority of the gold anomalism is located at the base of complete oxidation ("BOCO"). This mineralisation has been interpreted as a typical goldfields style supergene halo/blanket and was defined over an area of 800m x 350m. Mineralisation remains open to the north, northwest and south. The remainder of the anomalous intersections were located at CBI and represent gold being mobilised into the base of the palaeochannel.

Importantly, hole 14LKA041 intersected distinct bedrock mineralisation, including finely quartz veined silica-sericite-pyrite altered sedimentary rocks and returned a best assay of 1m @ 0.56g/t Au confirming bedrock mineralisation is present beneath the large low grade supergene anomaly. The extent of this bedrock mineralisation is currently unknown.

The nature of the drill program (broad spaced vertical holes only shallowly penetrating into bedrock 5-20m) in combination with the recognition of the prospective alteration system and extensive, supergene gold anomaly has significantly advanced the Lakewood gold prospect. Orrex has already commenced planning and permitting of follow-up aircore and RC drilling programs. This permitting process is longer than standard due to the Prospect's location within the Lakeside Timber Reserve.

Full technical details pertaining to this drill program, including the JORC Section 1 & Section 2 Tables, are included in the ASX announcement of 10 October 2014.

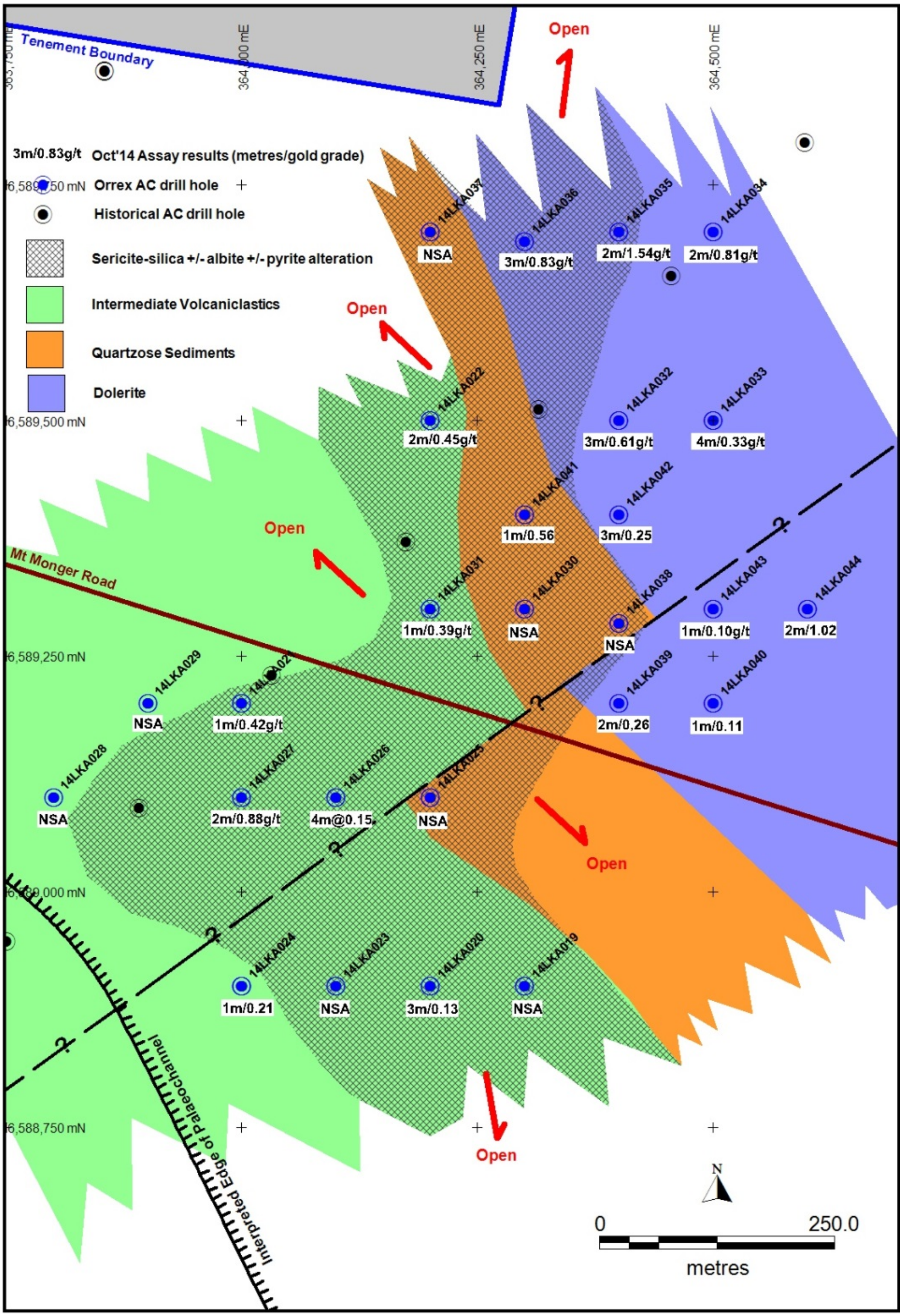

Figure 2 - GMS Project – Lakewood Prospect – Geological Interpretation and AC Drill Results

AusIndustry Research & Development Tax Incentive

Subsequent to the end of the quarter, on 21 October 2014 Orrex received a refund under the AusIndustry Research & Development ("R&D") Tax Incentive Scheme for research and development activities conducted at the GMS Project since December 2010. The net amount of the refund was $0.35m.

Business Development

In addition to cautiously advancing the GMS Project, the Board is actively reviewing business opportunities in Australia and other favourable investment jurisdictions with the aim of securing a more advanced gold or copper-gold project that could deliver shareholder value in the nearer term. During the quarter Orrex signed an agreement to acquire exploration claims in North America. The agreement is conditional and subject to detailed due diligence which has commenced.

Through prudent financial management, the company remains in a strong position with an existing quality, albeit early stage, project in GMS and a strong cash position providing the ability to review and act upon business development opportunities.

Jonathan Asquith
Company Secretary

<u>Competent Persons Statement</u>

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Simon Rigby who is a Member of the Australian Institute of Geoscientists and a Consultant Geologist to Orrex Resources Limited. Mr Rigby has sufficient experience which is relevant to the style of mineralisation and the 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 Exploration Results, Mineral Resources and Ore Reserves'. Mr Rigby consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Orrex Resources Ltd

ABN	Quarter ended ("current quarter")
29 107 371 497	30 September 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	(68)	(68)
	(b) development		
	(c) production		
	(d) administration	(21)	(21)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	15	15
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(74)	(74)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
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	-	-
1.13	Total operating and investing cash flows (carried forward)	(74)	(74)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(74)	(74)
	Cash flows related to financing activities		
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)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(74)	(74)
1.20	Cash at beginning of quarter/year to date	1,342	1,342
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	1,268	1,268

Payments to directors of the entity and associates of the directors Payments to 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	34
1.24	Aggregate amount of loans to the parties included in item 1.10	None

1.25 Explanation necessary for an understanding of the transactions

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

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

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	50
4.2	Development	
4.3	Production	
4.4	Administration	30
	Total	80

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	8	52
5.2	Deposits at call	1,260	1,290
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	1,268	1,342

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

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	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	36,685,000	36,685,000		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	5,000,000 1,500,000		*Exercise price* $0.30 $0.05	*Expiry date* 12 April 2015 30 November 2018
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)*				

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 4).

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .... Date: ....21/10/2014................
(Director/Company secretary)

Print name: ....Jonathan Asquith..

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

+ See chapter 19 for defined terms.

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.