

ORION METALS LIMITED  
ASX Code: ORM

Issued Capital at 30/11/2011  
79,597,443 Shares issued & listed  
2,500,000 Unlisted Options  
757 Shareholders

Top 20 shareholders  
Hold 73 % of Listed Shares

#### Board

Mr. David K Barwick – Chairman  
Mr. Andrew Gillies – Director  
Mr. Adrian Day – Director  
Mr. Tao Li – Director

#### Management

Mr. Garry Gill - Chief Operating Officer  
Mr. Bill Lyne – Company Secretary

#### Largest Shareholders

Mr Conglin Yue	17.25%
Metallica Minerals Ltd	15.77%
Jien Mining Pty Ltd	13.95%
Directors	5.67%

#### Cash Balance

As at 30 November 2011  
approx \$ 3.1 million



# Q3 quarterly report

ending november 2011

## highlights

- A 27 hole drill program was conducted across Killi Killi East, Killi Killi West in late October. Assays have been delayed due to laboratory backlog
- Results for the airborne geophysical survey indicate further areas of potential REE / gold mineralisation in the Killi Killi area
- Assays for earlier drill program at Killi Killi returned anomalous gold results
- Initial evaluation visit to new Broughton Creek discovery (NW QLD) to assess the zones of REE mineralisation previously identified by the JV partner
- Appointment of Chief Operating Officer - Garry Gill
- Launch of new corporate website

## chairman's comments

Chairman David Barwick stated that "Orion Metals is in a sound financial position with strong cash reserves and no debt at a time when the world economy faces a very uncertain period and exploration financing is difficult.

Orion will be conducting a tightly focused exploration campaign over the next 12 months in order to add value to its existing portfolio of highly prospective green fields exploration tenements while protecting and maintaining a sound cash position.

The Company will continue to pursue opportunities to expand its portfolio through acquisitions or joint ventures."

While we are disappointed in the delay in receiving assay results for the last round of drilling we are conscious of the considerable end of year back log in the laboratories in Western Australia.

We also welcome Garry Gill to our team.

David K Barwick  
Chairman  
Orion Metals Limited  
Ph 07 32493060

# corporate directory

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## Directors

David K. Barwick	Chairman
Andrew Gillies	Non Executive Director
Adrian Day	Non Executive Director
Tao Li	Non Executive Director

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## Management

Garry Gill	Chief Operating Officer
Bill Lyne	Company Secretary

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## Solicitors

HopgoodGanim Lawyers  
Level 8 Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000

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## Bankers

Westpac Banking Corporation  
240 Queen Street  
Brisbane QLD 4000

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## Auditors

BDO Kendalls (QLD)  
Level 18, 300 Queen Street  
Brisbane QLD 4001

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## Shares & Options Register

Link Market Services Limited	Facsimile for Proxies:	(02) 9287 0309
Level 15, 324 Queen Street	Freecall:	1300 554 474
Brisbane QLD 4000	Telephone	(02) 8280 7454

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## Administration & Registered Office

71 Lytton Road	Telephone:	(07) 3249 3060
East Brisbane QLD 4169	Facsimile:	(07) 3249 3061

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Website [www.orionmetals.com.au](http://www.orionmetals.com.au)

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ASX Code: ORM

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## Q3 in review

During the third quarter a 27 hole RC drilling program totalling 1,102m was conducted at the Killi Killi East and the Killi Killi West prospects. The program tested for extensions and additional new zones of significant REE and gold mineralisation hosted in the sandstones and conglomerate rocks in the basal sequence of the area. Assays for this work are awaited.

Analysis of the airborne geophysical survey over the Killi Killi tenure block identified potential new REE targets, zones of potassic alteration and structural intersections for further prospecting.

Field evaluations of the Broughton Creek project (farm-in agreement with Broughton Minerals Pty Ltd) commenced during the quarter with the Company's Exploration Director Mr Adrian Day visiting the site to conduct mapping and prospecting of a number of prospective sites in the area.

During the quarter, Orion appointed Mr Garry Gill as Chief Operating Officer to assume responsibility for the day to day operations of the Company.

The quarter saw the development and launch of the Company's new website including a feature for interested readers to sign up to receive copies of future ASX announcements.

### Competent Person Statement

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 Director of Orion Metals Ltd and is employed by Australian Asiatic Gems Pty Ltd which is a consultant to the Company. Mr Day consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

# project updates

## KILLI KILLI HILLS

### RARE EARTH ELEMENT & GOLD PROJECT

200km south-east of Halls Creek, WA

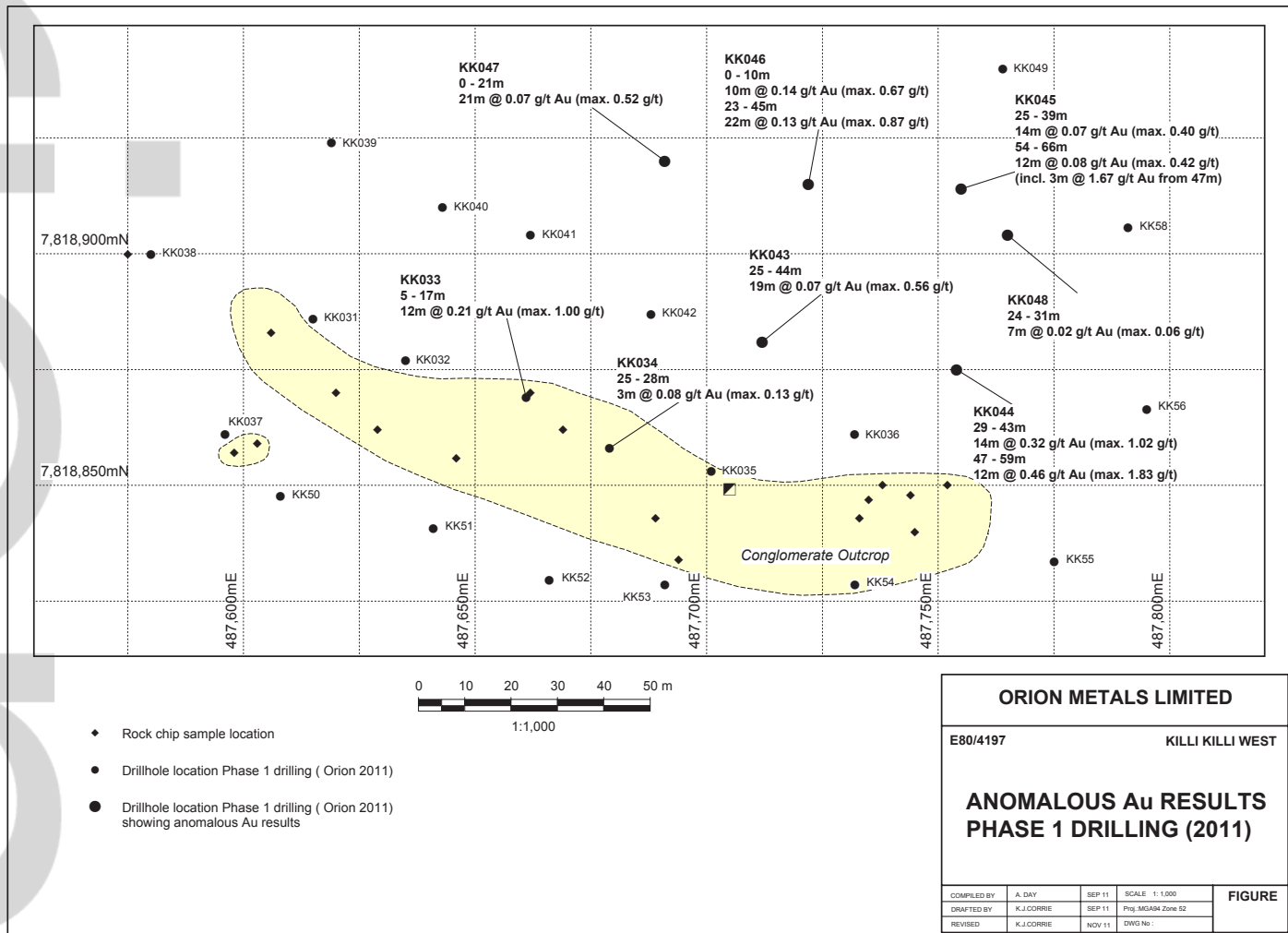
E80/4029, E80/4197, E80/4558 & E80/4559

The October drilling program was designed to test a number of features in the Killi Killi West Prospect EL 80/4197.

Unfortunately delays in processing of samples at the Perth laboratory has meant that at the end of the quarter assay results of this drilling program were not available. The features tested in the latest program were;

- First stage drilling in June of the Killi Killi West Prospect discovered significant thicknesses of low grade gold mineralisation previously unrecorded

from the area. This mineralisation was open to the east along strike and downdip to the north, so a traverse of RC holes to a maximum depth of 109 metres was completed to test lateral extensions in those directions. Rocks of similar composition and alteration were intersected in all holes, and only minor radioactivity levels were recorded from individual intercepts.



# project updates

- A prominent silicified sandstone ridge 1km to the east of the Killi Killi West Prospect was drilled with two shallow (30m) holes to establish if the silicification was primary alteration or a surface weathering feature. The latter seemed to be the case, and no radioactivity was detected in drill cuttings.
- Two traverses of three 30m holes were drilled on regional radiometric anomalies approximately 1km and 2kms south-west of the Killi Killi West Prospect in weathered quartz-veined basement rocks. No significant radiation levels were detected in drill samples and it is considered the anomalies are surface enrichments in iron-rich metasediments.

Three new sections of the Killi Killi East Prospect were drilled, principally on the western and eastern limits of the strike of the unconformity, to extend the zone on interest in a lateral direction.

Also 2 holes were drilled in a central locality where it appears a fault has displaced the sequence and extended into the basement rocks as a possible conduit for mineralising solutions. Mildly radioactive REE-bearing outcrops occur at the sites, and the holes were positioned so as to test these occurrences.

Although conglomerate intersections were encountered in all holes, their significance is still undefined until analytical results are received.

Field reconnaissance was extended into other areas held under the project's licences as part of follow-up of features recorded by the airborne survey.

## BROUGHTON CREEK

### REE-U PROJECT

30km south of Mary Kathleen, N QLD

EPM's 16209, 17143, 17974, 18075 & 19011

Preliminary field work was commenced on this project during the quarter. Seven discrete radiometric anomalies have been discovered to date over a strike length of 4km, where highly radioactive veins of a mineral identified as allanite have been detected. Allanite is a complex mineral carrying REE and constitutes 35% of the economic mineralisation at Mary Kathleen mine to the north.

The anomalies occur as discrete zones where detrital allanite has been dispersed into the soil profile, but all are associated with an iron- and K-felspar-rich alteration zone that produces characteristic red quartz-rich scree profiles on ridge slopes.

A structural control in a north-south direction appears to be intimately related to the alteration zone with confining faults and the possibility that veins are infills in small dilation features. The number and distribution of individual veins is not yet known, but all are very narrow 20-30mm, of limited length and untested depth, and the presence of disseminated REE in the altered host rocks is present as elevated geochemical values on a few samples appear to indicate.

In the early new year a systematic mapping, radiometric, XRF sampling and geochemical soil sampling program over the prospective zone is to be completed.

An orientation soil sampling exercise over selected traverses is presently being conducted, and improvements to the camp are being undertaken.

## FULFORD & BONNOR CREEKS

REE PROJECT northeast of Mt Surprise and southeast of Chillagoe

Fulford Creek EPM 18331  
Bonnor Creek EPM 18449 &  
Dickson Creek EPMs 17011 & 17891 &  
MLA 30128

The total holding of directly owned and optioned tenements in the Fulford-Bonnor Creeks project area is now 580km<sup>2</sup>, and the formal granting of these titles is proceeding.

These tenements are contiguous cover creek systems draining radiogenic granites where past alluvial tin operations have encountered heavy mineral concentrations that contain monazite and possibly xenotime.

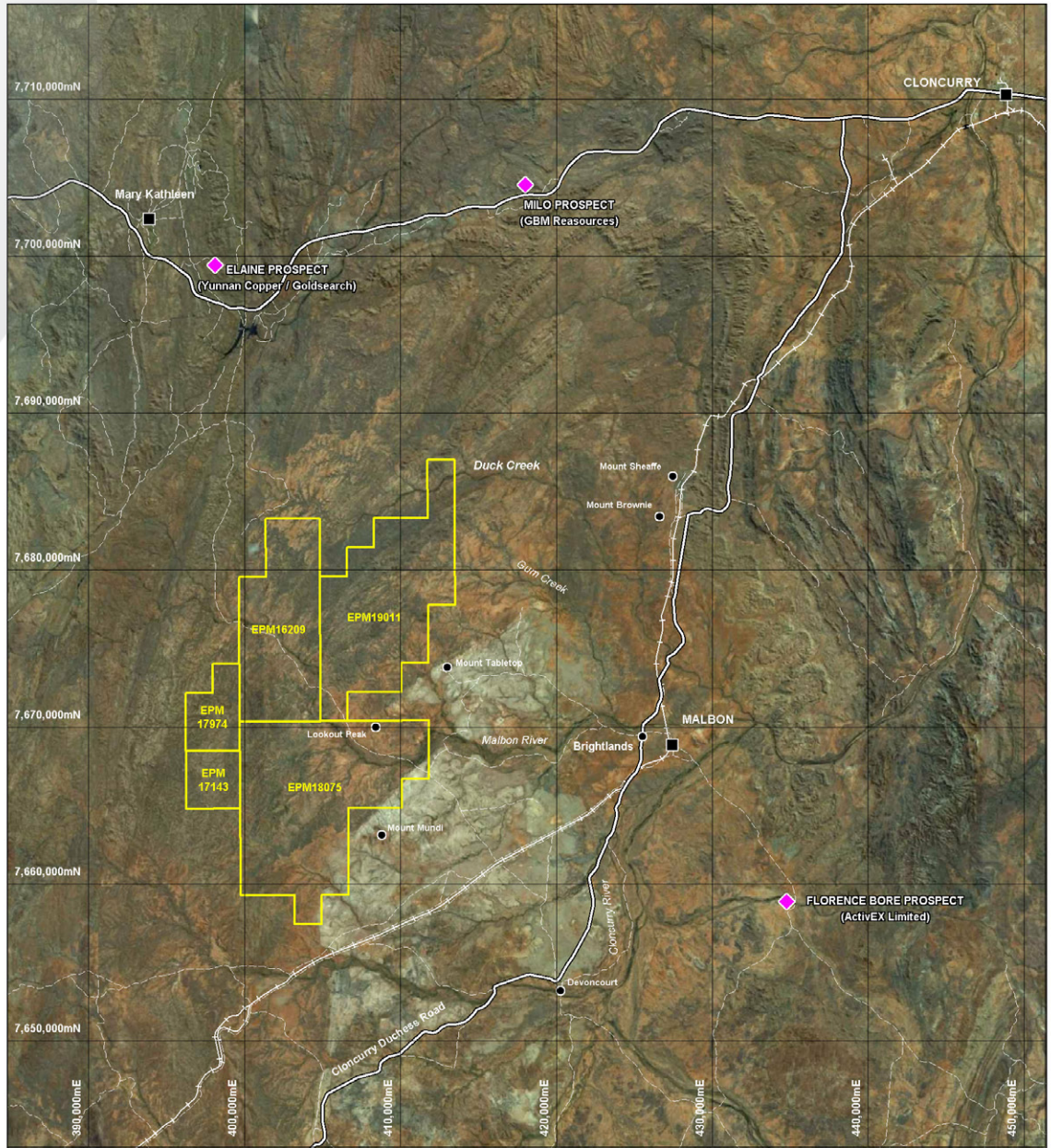
After the impending wet season broad regional sampling is planned to determine the heavy mineral assemblages in the various drainages and the rare earth elements contained in the monazite/xenotime components. Initial reconnaissance samples that have already been examined by a consultant petrologist have confirmed the existence of monazite in the heavy mineral suite.

## TOP CAMP

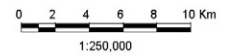
GOLD-COPPER PROJECT  
40km south of Cloncurry

MLs 2764, 2785, 2786 & 2792

Following the discovery in the 2010 drilling program of new bodies of magnetite that appear spatially related to alluvial gold workings and hard rock gold and copper occurrences, the results of the drilling program have been evaluated. Future exploration options are currently being considered including JV farm out.



◆ Location of prospects with significant REE drill intercepts



<b>ORION METALS LIMITED</b>			
<b>BROUGHTON MINERALS PTY LTD</b>			
<b>TENURE HOLDING</b>			
<b>showing</b>			
<b>SIGNIFICANT REE PROSPECTS</b>			
<b>WITHIN THE REGION</b>			
COMPILED BY	A. DAY	OCT 11	SCALE 1:250,000
DRAFTED BY	K.J. CORRIE	OCT 11	Proj: MSAGA ZONE 54
REVISED			DWG No:
			<b>FIGURE</b>



Rockchip sampling Killi Killi Hills, Tanami WA





# proposed work programs for 2012

## KILLI KILLI HILLS

- Assessment and review of all analytical data when the new assays results from the October drilling has been received;
- Due to the impending wet season activities are likely to be confined to desktop studies and planning of the 2012 programs;
- Assessment of all results to date including features highlighted by the geophysical consultants from the airborne survey;
- Completion of the interpretation of data from the airborne geophysical survey.

## BROUGHTON CREEK

- Activities during the wet season may be disrupted by rain events, but it is intended to conduct soil sampling and radiometric traversing over the permissive structural zone;
- Assessment of all results to date in order to compile a complete and comprehensive database;
- Evaluation of geophysical survey data to select other targets within the Permits.

## FULFORD & BONNOR CREEKS

Compilation of background information to allow planning of the 2012 program.

## TOP CAMP

- Seeking of a joint venture partner.

## PROJECT APPRAISAL

- Ongoing assessment of new gold and rare earth project opportunities.

## corporate

In March 2011 Orion announced a joint venture with Metal Bank Limited (ASX: MBK) under which ORM would acquire 50% of exploration licence E80/4212 and enter into a joint venture agreement with MBK.

The tenement is located just south of the Company's Killi Killi Hills prospects in Western Australia. As the agreement was subject to regulatory compliance which has yet to be received, the parties have agreed to extend the completion date to 22 December 2011.

The airborne geophysics survey conducted over ORM's tenements in July also included the adjoining exploration licence EL 25454 in the Northern Territory held by Oklo Resources Limited (ASX: OKU).

In return for ORM meeting the cost of the survey, the Company was granted a first right of refusal for a joint venture over the tenement. Following analysis of the results of the survey, ORM has advised OKU that it will not be exercising its rights under the agreement.

In April 2011 Rich Resources Investments Pty Ltd (RRI), a wholly owned subsidiary of ORM commenced proceedings in

the Warden's Court of Western Australia against a former non-geologist consultant of ORM (the Former Consultant) and an associated company (Applicant Company).

In the proceedings, RRI alleged that the Former Consultant, in disclosing confidential information to the Applicant Company:

- breached obligations arising pursuant to a contract of employment with ORM;
- breached the terms of a confidentiality deed with ORM; and
- breached an equitable obligation of confidentiality owed to RRI.

RRI also alleges that, using confidential information, the Former Consultant caused the Applicant Company to apply for exploration licences E80/4543, E80/4544 and E80/4548 to the detriment of RRI.

A directions hearing was held in the WA Wardens Court on 11 November 2011 at which the Warden adjourned the matter until 27 January 2012 so that the parties could participate in a mediation. The mediation has been set for January 2012.

# tenement table

as at november 30 2011

Tenement	Project Name	Registered Holder	Status	Orion interest	Date of Grant	Number of Sub-Blocks	Commodity
E80/4029	Killi Killi Hills	RRI*	Granted	100%	16/4/2009	10	REE, Au, U
E80/4197	Killi Killi Hills	RRI*	Granted	100%	15/10/2009	3	REE, Au, U
E80/4558	Tanami East	RRI*	Appl'n (06/01/11)	100%		5	REE, Au, U
E80/4559	Gardner Range West	RRI*	Appl'n (06/01/11)	100%		7	REE, Au, U
E80/4596	Selby Hills	RRI*	Appl'n (03/03/11)	100%		113	REE, Au, U
E80/4212	Coyote	MBK#	Granted	NIL	27/8/2010	53	REE
EPMA 18331	Fulford Creek	ORM	Appl'n (09/10/09)	100%		42	REE
EPMA 18850	Fulford Creek	ORM	Appl'n (01/09/00)	100%		100	REE
EPMA 18449	Bonnor Creek	ORM	Appl'n (90/12/09)	100%		25	REE
EPM 17011	Black Springs Creek	J W Withers	Granted	100%**	16/6/2008	4	All minerals
EPMA 17891	Black Springs Creek	J W Withers	Appl'n (3/11/08)	100%**	16/6/2008	8	All minerals
MLA 30128	Dickson Creek	J W Withers	Appl'n (15/9/08)	100%**	16/6/2008	35.2 ha	All minerals
EPM 16209	Broughton	CNW P/L & BK Aitchison	Granted	NIL	27/3/2008	19	REE, U
EPM 17974	Broughton	CNW P/L	Granted	NIL	28/2/2011	5	REE, U
EPM 17143	Broughton	Broughton Minerals P/L	Granted	NIL	17/12/2009	4	REE, U
Mining Lease	Project Name	Registered Holder	Status	Orion interest	Date of Grant	Area hectares	Commodity
ML 2764	Top Camp	ORM	Granted	100%	19/01/1989	103	Au
ML 2785	Top Camp	ORM	Granted	100%	6/02/1992	129.2	Cu
ML 2786	Top Camp	ORM	Granted	100%	15/2/1990	70	
ML 2792	Top Camp	ORM	Granted	100%	6/2/1992	105	

\* Rich Resources Investments Pty Ltd

\*\* Subject to royalty

# MetalBank Limited (ASX:MBK)

Rare Earth Elements (REE)

Gold (Au) | Uranium (U) | Copper (Cu)

NIL - earning in through JV

# appendix 5b

## mining 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

Name of entity

ORION METALS LIMITED

ABN  
89 096 142 737

Quarter ended ("current quarter")  
30 NOVEMBER 2011

### consolidated statement of cash flow

		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(288)	(740)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(135)	(657)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	17	98
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>		<b>(406)</b>	<b>(1,299)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	(150)	(150)
	(b) equity investments	(20)	(220)
	(c) other fixed assets	(3)	(3)
1.9	Proceeds from sale of:		
	(a) prospects	-	400
	(b) equity investments	-	-
	(c) tenements	-	-
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>(173)</b>	<b>27</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>(579)</b>	<b>(1,272)</b>

# appendix 5b

## mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(579)	(1,272)
<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 (share issue costs)	-	-
<b>Net financing cash flows</b>			
<b>Net increase (decrease) in cash held</b>			
1.20	Cash at beginning of quarter/year to date	3,672	4,365
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,093	3,093

### 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	81
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	
Accrued interest income increased by \$40k during the 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	NIL
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	-	-

# appendix 5b

## mining exploration entity quarterly report

### estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	185
4.2 Development	-
4.3 Production	-
4.4 Administration	166
<b>Total</b>	<b>351</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	32	172
5.2 Deposits at call	561	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	2,500	3,500
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,093</b>	<b>3,672</b>

### change in interest 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		NIL		
6.2 Interests in mining tenements acquired or increased	EPM16204 EPM17974 EPM17143	Broughton Earn-in Broughton Earn-in Broughton Earn-in	0% 0% 0%	0% 0% 0%

### 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 <sup>+</sup> securities (description)	NIL	NIL		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	NIL	NIL		
7.3 <sup>+</sup> Ordinary securities	79,597,443	79,597,443		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL	NIL		
7.5 <sup>+</sup> Convertible debt securities (description)	NIL	NIL		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	NIL	NIL		

# appendix 5b


## mining exploration entity quarterly report

7.7	Options (description and conversion factor)			Exercise price	Expiry date
		500,000	NIL	10c	31 Oct 2011
		2,000,000	NIL	12c	29 July 2013
		500,000	NIL	15c	31 Oct 2011
		500,000	NIL	20c	1 July 2014
7.8	Issued during quarter	NIL	NIL		
7.9	Exercised during quarter	NIL	NIL	NIL	NIL
7.10	Expired during quarter	500,000	NIL	10c	31 Oct 2011
		500,000	NIL	15c	31 Oct 2011
7.11	Debentures (totals only)	NIL	NIL		
7.12	Unsecured notes (totals only)	NIL	NIL		

### 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 give a true and fair view of the matters disclosed.

Sign here:

.....  .....  
(Company secretary)

Date: ....21/12/2011.....

Print name:

.....Bill Lyne.....

### 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 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 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.

ASX : ORM | ACN : 096 142 737

[www.orionmetals.com.au](http://www.orionmetals.com.au) | [admin@orionmetals.com.au](mailto:admin@orionmetals.com.au)