

ORION METALS LIMITED  
ASX Code: ORM

Issued Capital at 31/08/2011  
79,597,443 Shares issued & listed  
3,000,000 Unlisted Options  
767 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  
Mr. Bill Lyne – Company Secretary

#### Largest Shareholders

Mr Conglin Yue	17.13%
Metallica Minerals Ltd	15.77%
Jien Mining Pty Ltd	13.95%
Directors	5.20%

#### Cash Balance

As at 31 August 2011  
approx \$ 3.7 million



# Q2 quarterly report

ending august 2011

## key achievements

- In July, a 2,022m RC drilling program was completed on the joint venture property held by MetalBank (E80/4212) and on Orion's Killi Killi West Prospect (E80/4197).
- Initial assay results from the Killi Killi West Prospect show broad zones of anomalous gold mineralisation.
- The farm in agreement with Broughton Minerals Pty Ltd on a rare earth element (REE) project in the Cloncurry district was finalised in September. Broughton has discovered new uranium/REE mineralisation at Broughton Creek, 30kms south of the historic Mary Kathleen U/REE mine, and holds 278kms<sup>2</sup> in 5 exploration permits.
- During June a detailed airborne geophysical survey was completed over tenements in the Tanami region. The results of this survey are currently

being processed and interpreted by consultants.

- Further drilling of the Killi Killi Prospects and regional targets is planned for September/October.

## Q2 in review

During the quarter a 2,022m RC drilling program was completed on the Coyote EL4212 (Joint Venture with MetalBank Ltd) and the Killi Killi West prospect. This is the second phase of drilling conducted on the project area.

The airborne geophysical survey over the Killi Killi/Coyote tenure block and EL25454 in the Northern Territory was completed in June.

The acquired data is now with consultants for processing and interpretation.

Preliminary assessment of images suggests that new structural zones will be defined that might host previously undiscovered mineralisation.

The joint venture agreement with Broughton Minerals Pty Ltd, a private company holding a newly discovered REE-U prospect in the Cloncurry district, has been finalised.

This Joint Venture will be held in a wholly owned subsidiary Broughton Orion Pty Ltd.

This project consolidates Orion's REE activities, especially as an entry into the Mt Isa Block and will provide the opportunity to conduct field work for most of the year, especially when the Tanami area is inaccessible.

# corporate directory

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## Directors

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

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## Company Secretary

Bill Lyne

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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
www.orionmetals.com.au		

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ASX Code: ORM

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Outcrop at Killi Killi Hills





*Work in progress at Killi Killi Hills*



## corporate

Orion will be focusing on its 100% owned Killi Killi REE and gold Prospect located in the Tanami area of Western Australia as well as commencing work on Broughton Creek REE-uranium Prospect located in the Cloncurry district in North Queensland during the current quarter. The Company has a well planned and funded budget to advance both these prospects and to carry out the initial work on the Fulford & Bonnor Creek Prospect when the granting of these titles is completed.

In addition the Company continues to investigate other opportunities as they are identified. This includes the investment in Ultimate Resources Pty Ltd, of which Orion now holds a strategic 18%. All financing options are being considered for the ongoing funding for Ultimate's South Korean tenement holdings with the view of advancing the exploration activities required to identify an advanced REE and gold exploration or development prospect.



David K Barwick

Chairman & Acting Executive  
Orion Metals Limited  
Ph 07 32493060

In accordance with Listing Rules 5.1 and 5.12 of the Australian Securities Exchange technical information contained in this report has been compiled by Mr. Adrian Day BSc (Geology), MAIG, MSEG, MGSA who is a competent person and member of the Australasian Institute of Geoscientists. Mr Day has relevant experience to the mineralisation being reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves. Mr Day is a non-executive Director of Orion Metals Limited and part-time consultant to the company. He consents to the inclusion in the report of the matters based on the 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

### Rare earths and gold

Assay results have been received for the first phase of RC drilling on the Killi Killi West Prospect. A total of 1,116m was drilled in the program of 19 holes at the prospect.

Assay results for rare earth elements (REEs) were not to expectation as the values encountered in the outcrop were not repeated in the down-dip sections of the conglomerate unit, with only low order sporadic values in a limited number of intercepts.

However, significant anomalous gold was recorded in broad sections, mostly in those that should have been REE-bearing, in a group of holes in the eastern part of the drilling pattern. These are summarised in Table 1.

A follow-up drilling program is planned for October to check for possible extensions of this zone of anomalism, as well as holes away from the prospect on radiometric anomalies and structural features.

The program shall include a number of holes on the strike extensions of the Killi Killi Hills East prospects and testing of structural features that are considered possible sources of mineralisation.

Table 1: Killi Killi Hills drill intercepts

Hole No.	Intercept	Grade g/t Au	Max. Value g/t Au
KK43	25-44m (19m)	0.07	0.56
	29-43m (14m)	0.32	1.02
KK44	47-59m (12m)	0.46	1.83
	25-39m (14m)	0.07	0.40
KK45	54-66m (12m)	0.08	0.42
	(including 3m @ 1.67g/t Au from 47-50m)		
KK46	0-10m (10m)	0.14	0.67
	23-45m (22m)	0.13	0.87
KK47	0-21m (21m)	0.07	0.52
KK48	24-31m (7m)	0.02	0.06

## BROUGHTON CREEK REE-U PROJECT 30km south of Mary Kathleen, N QLD

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

A new discovery by a private prospecting group of high-grade allanite veins associated with high-level altered intrusives.

On 20 April 2011 Orion announced that it had entered into a farm-in agreement with Broughton Minerals Pty Ltd (Broughton), a Brisbane-based private prospecting company, to explore their newly discovered REE-uranium prospect in the Cloncurry district.

Broughton had completed a 1,700 line kilometres aerial survey over EPM16209 and produced high resolution data that has demonstrated that the prospective zones are quite extensive and never explored for REE mineralisation. Defined radioactive occurrences and lithologies are currently being located on the ground.

Broughton's work included the collection of 254 rock and mineral samples (mostly highly selective) over sub-crop float of which 149 returned an average of total rare earth elements (TREEs) of 1%, with maximum values to 9% TREE.

# project updates

It is Orion's intention to concentrate on locating REE mineralisation within the tenements and assess the occurrences in detail. Also recorded were assays of uranium values up to 33% U, with 166 of the samples averaging 3% uranium.

It has been recognised that the radioactive mineral is allanite, the same mineral found at Mary Kathleen, and appears associated with distinctive lithologies, both as discrete mineral veins and disseminated inclusions.

The TREE suite represented is essentially of the "light" category, however the "heavy" members are present, for example, dysprosium to 2933ppm, neodymium to 8487ppm, samarium to 1356ppm, ytterbium to 1856ppm and yttrium to 8086ppm.

The Broughton Creek Prospect provides the opportunity to conduct fieldwork for most of the year, whereas Killi Killi becomes inaccessible in the wet season for 4-5 months.

It is Orion's intention to begin field operations on the prospect now that the formal agreement has been executed.

This Joint Venture will be held by Orion's wholly owned subsidiary Broughton Orion Pty Ltd.

## 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

Heavy mineral concentrations in streams draining radiogenic granites that contain high levels of monazite and xenotime minerals which host REEs.

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

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

During the next quarter 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

Newly discovered magnetite bodies in an alluvial goldfield with hard rock gold and copper prospects.

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 are being evaluated.

Future exploration options are currently being considered including JV farm out.





*Drilling at Killi Killi Hills*





# proposed work programs to 30 november 2011

## KILLI KILLI HILLS

- Completion of 1,500m of RC drilling at both Killi Killi prospects and regional targets commencing September;
- Location and chip sampling of outcrops between the two prospects; and
- Completion of the interpretation of data from the airborne geophysical survey.

## BROUGHTON CREEK

- Conclusion of the farm-in agreement will permit initiation of initial field work and planning of future program.

## TOP CAMP

- Assessment of drill results and formulation of future exploration works including seeking a joint venture partner.

## FULFORD & BONNERS CREEKS

- Conduct initial reconnaissance of project area to permit planning of the 2012 program.

## PROJECT APPRAISAL

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



# tenement table

as at august 31 2011

Tenement	Project Name	Registered Holder	Status	Orion interest	Date of Grant	Number of Sub-Blocks	Commodity	Minimum Expenditure
E80/4029	Killi Killi Hills	RRI* 100%	Granted		16/4/2009	10	REE, Au, U	\$20,000
E80/4197	Killi Killi Hills	RRI* 100%	Granted		15/10/2009	3	REE, Au, U	\$15,000
E80/4558	Tanami East	RRI* 100%	Appl'n (06/01/11)			5	REE, Au, U	N/A
E80/4559	Gardner Range West	RRI* 100%	Appl'n (06/01/11)			7	REE, Au, U	N/A
E80/4596	Selby Hills	RRI* 100%	Appl'n (03/03/11)	100%		113	REE, Au, U	N/A
E80/4212	Coyote	MBK* 50% RRI* 50%	Granted		27/8/2010	53	REE	\$53,000
EPMA 18331	Fulford Creek	ORM 100%	Appl'n (09/10/09)	100%		42	REE	\$50,000
EPMA 18850	Fulford Creek	ORM 100%	Appl'n (01/09/00)	100%		100	REE	\$2,500
EPMA 18449	Bonnor Creek	ORM 100%	Appl'n (90/12/09)	100%		25	REE	\$50,000
EPM 17011	Black Springs Creek	J W Withers	Granted	100%**	16/6/2008	4	All minerals	\$2,500
EPMA 17891	Black Springs Creek	J W Withers	Appl'n (3/11/08)	100%**	16/6/2008	8	All minerals	\$2,500
MLA 30128	Dickson Creek	J W Withers	Appl'n (15/9/08)	100%**	16/6/2008	35.2 ha	All minerals	N/A
Mining Lease	Project Name	Registered Holder	Status	Orion interest	Date of Grant	Area hectares	Commodity	Minimum Expenditure
ML 2764	Top Camp	ORM 100%	Granted	100%	19/01/1989	103	Au	N/A
ML 2785	Top Camp	ORM 100%	Granted	100%	6/02/1992	129.2	Cu	
ML 2786	Top Camp	ORM 100%	Granted	100%	15/2/1990	70		
ML 2792	Top Camp	ORM 100%	Granted	100%	6/2/1992	105		

\* Rich Resources Investments Pty Ltd

\*\* Subject to royalty

#MetalBank Limited (ASX:MBK)

Rare Earth Elements (REE)

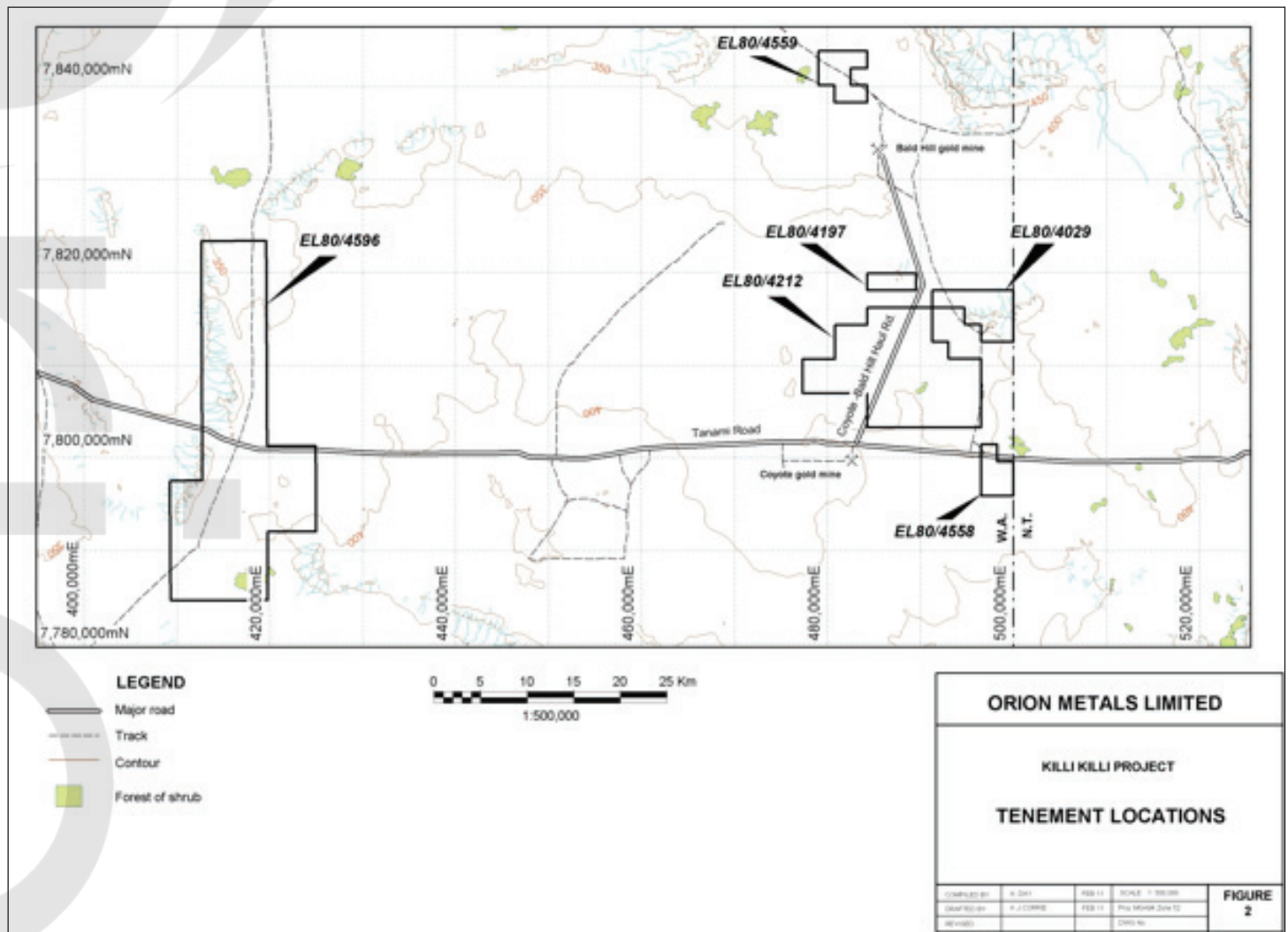
Gold (Au)

Uranium (U)

Copper (Cu)



# tenement locations





# 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")  
31 AUGUST 2011

### consolidated statement of cash flow

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(248)	(452)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(316)	(522)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	31	81
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>(533)</b>	<b>(893)</b>
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(200)	(200)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	400
	(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>(200)</b>	<b>200</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(733)</b>	<b>(693)</b>

# appendix 5b

## mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(733)	(693)
<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>		<b>(733)</b>	<b>(693)</b>
1.20	Cash at beginning of quarter/year to date	4,405	4,365
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>3,672</b>	<b>3,672</b>

### 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	73
1.24	Aggregate amount of loans to the parties included in item 1.10	-
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	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	NIL

### 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	591
4.2 Development	-
4.3 Production	-
4.4 Administration	225
<b>Total</b>	<b>816</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	172	12
5.2 Deposits at call	3,500	4,391
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,672</b>	<b>4,405</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	ML1035 ML1060	Rutherfords Rutherfords	100% 100%	NIL NIL
6.2 Interests in mining tenements acquired or increased	E80/4212	Coyote	NIL	50%

### 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		
Changes during quarter	NIL	NIL		
7.2 (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <sup>+</sup> Ordinary securities	79,597,443	79,597,443		
Changes during quarter				
7.4 (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL	NIL		
7.5 <sup>+</sup> Convertible debt securities (description)	NIL	NIL		
Changes during quarter				
7.6 (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	29 Oct 2011
		2,000,000	NIL	12c	29 July 2013
		500,000	NIL	15c	29 Oct 2011
7.8	Issued during quarter	500,000	NIL	20c	1 July 2014
7.9	Exercised during quarter	NIL	NIL	NIL	NIL
7.10	Expired during quarter	NIL	NIL	NIL	NIL
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: ....27/09/2011.....

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

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