

ORION METALS LIMITED

ASX Code: ORM

Issued Capital at 29/02/2012

79,597,443 Shares issued & listed

2,500,000 Unlisted Options

754 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 29 February 2012

approx \$ 3.0 million



# Q4 quarterly report

ending february 2012

## highlights

- Analytical results for 9 RC holes drilled during October 2011 indicate significant gold mineralisation at the Killi Killi West Prospect where broad zones of gold mineralisation were intersected.
- At Killi Killi East Prospect drilling at the extremities of the outcrop of the basal conglomerate confirmed Rare Earth Element (REE) mineralisation in outcrop chip samples over a length of 2kms.
- Development of an exploration campsite on the Broughton Creek REE, uranium (U) and gold (Au) project including the erection of a steel shed was completed to provide improved space and conditions at the project's headquarters. Characterisation soil sampling targeting REE and associated metals has also commenced.

- Following the end of the quarter, the Company appointed geoscientist Professor Ken Collerson to provide a report on the potential mineralisation of the Killi Killi region

## chairman's comments

Chairman David Barwick stated that

"Orion Metals maintains its strong financial position with \$3 million in cash and no debt. The company is well placed to develop its existing REE & gold exploration holdings most notably Killi Killi and to take advantage of opportunities that may arise in the current economic climate in which fund raising by junior explorers remains difficult.

As foreshadowed in our previous report, exploration activity during the fourth quarter of the financial year was restricted due to the wet season in Northern Australia.

The downtime was used to take the opportunity to review our tenement holdings, plan the forthcoming exploration season, seek additional opportunities in the REE and gold sector and develop a strategy for taking the Company forward.

Over the coming months we will be focussing our exploration activity on our Killi Killi (WA) and Broughton Creek (QLD) tenements as well as working to maximise the value of our strategic investment in South Korea."

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



# Q4 in review

Assays from the October 2011 drilling campaign at Killi Killi were received and analysed during the quarter. The results confirmed the existence of a broad low grade gold zone in Killi Killi West and displayed weak enrichment of REE (Ce, Nd, Sm) in Killi Killi East. Further drilling and exploration work is planned.

At Broughton (NW QLD), traverses of soil sampling were completed in order to identify and characterise geochemical responses REE, U, Au and associated "pathfinder" metals within the alteration zone hosting allanite vein mineralisation. Results have been received and are being evaluated.

Following the end of the quarter, the Company appointed geoscientist Professor Ken Collerson to provide a report on the Killi Killi region as part of the Company's strategy to further its knowledge of the exploration potential of the region. The report will expand on the work he performed in 2010 / 2011 and incorporate a review of the geology, geochemistry, geophysics and mineralisation potential of the region.

## 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 non-executive Director of Orion Metals Limited and is employed by Australian Asiatic Gems Pty Ltd, 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 (REE)  
& GOLD PROJECT  
200km south-east of Halls Creek, Tanami WA

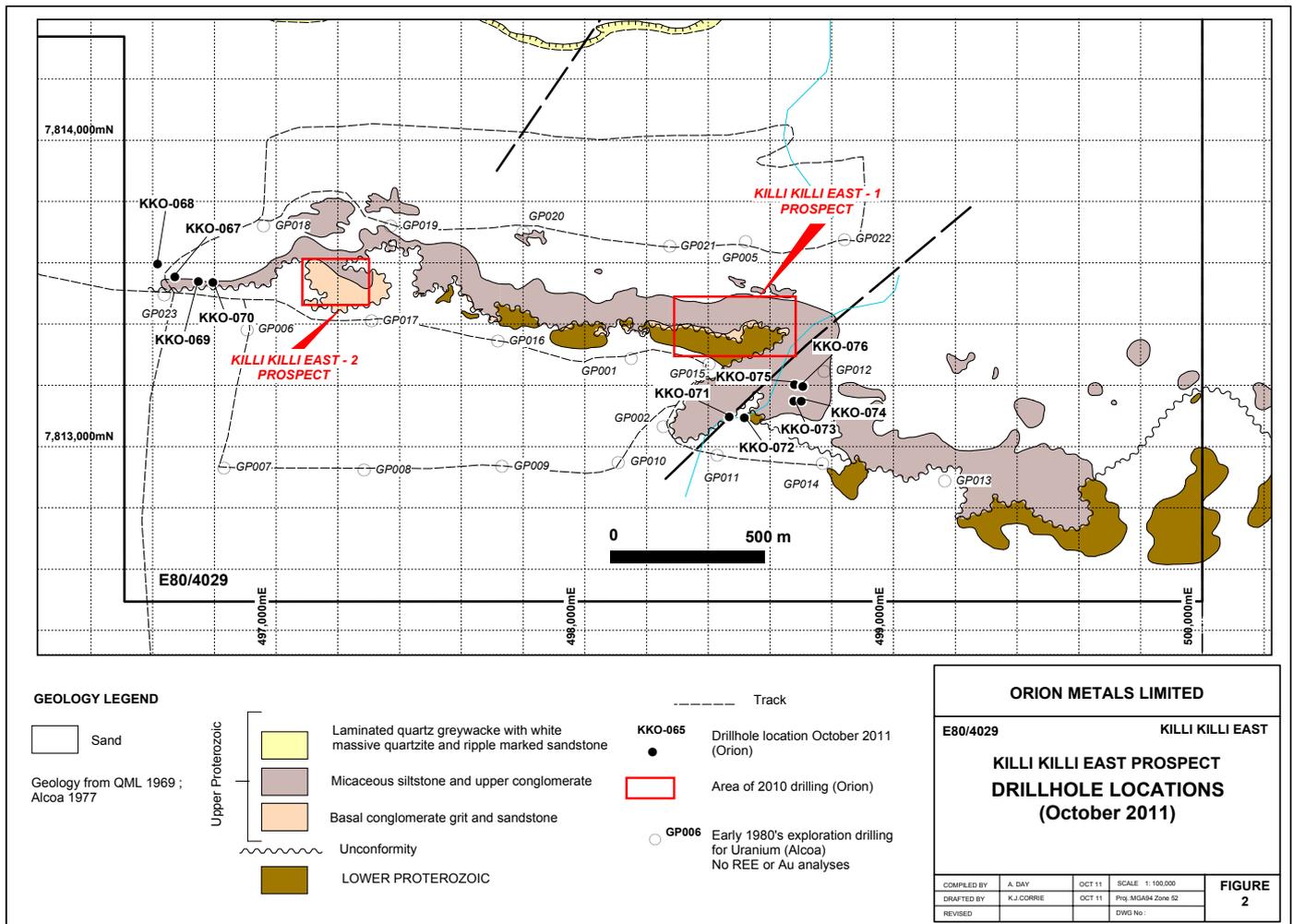
E80/4029, E80/4197, E80/4558 &  
E80/4559

Analytical results from the October 2011 drilling program were received during the quarter under review.

At the Killi Killi West Prospect, 9 holes totalling 568 metres to a maximum depth of 109 metres were completed. These holes were designed to test the eastern extent of the broad anomalous gold zone encountered in the first drilling phase in June 2011.

Assays have confirmed the existence of the low grade gold zone over considerable vertical depths of up to 40m

at 0.92g/t Au and 44m at 0.49g/t Au with individual 4 metre intercepts recording up to 7.12 g/t Au. The most significant intersections are approximately 50 metres further east than the previous holes with localities shown on Figure 1 below. The mineralised sections are summarised in Table A.



# project updates

Hole No.	Intersection	Intercept	Average Gold Value (g/t)	Maximum Gold Value (g/t)
KK044	29 – 43m	14m	0.32	1.02
	47 – 59m	12m	0.46	1.83
KK045	25 – 39m	14m	0.07	0.40
	54 – 66m	12m	0.08	0.42
KK046	0 – 10m	10m	0.14	0.67
	23 – 45m	22m	0.13	0.87
KK047	0 – 21m	21m	0.07	0.52
KK055	0 – 16m	16m	2.23	7.12
	or 0 – 40m	40m	0.92	
	48 – 56m	8m	0.07	0.14
KK056	0 – 56m	56m	0.07	0.23
KK057	28 -32m	4m	0.04	0.04
	84 – 92m	8m	0.035	0.05
KK058	40 – 84m	44m	0.49	3.68

Table A

As gold has not previously been recorded before ORM's 2011 exploration work on this prospect, the consistency of the results is considered significant and may demonstrate that a new and substantial gold system exists on the property.

The gold mineralised section remains open to the east.

Coincident with this gold mineralisation is a strong geochemical association of strontium (Sr) where values of 400-500ppm Sr are the bulk average for entire length of hole, with individual samples exceeding 1,000ppm Sr. Also observed were elevated barium (Ba) values where all holes drilled in this program averaged over 100ppm Ba for their entire length, with occasional individual values to 500+ppm Ba. This is consistent with the geochemistry of the Killi Killi East Prospect.

Two regional targets remote from the Killi Killi west Prospect failed to produce any mineralisation of interest.

At the Killi Killi East Prospect 10 holes totalling 253 metres to a maximum depth of 31 metres were completed as shown on Figure 2. The purpose of the drilling was to:-

- extend the lateral distribution of REE occurrence E-W along the extremities of the unconformity; and
- test the possible influence of a cross-structure on that mineralisation.

Chip samples taken previously from conglomerate outcrop at the western end of the Killi Killi East Prospect showed anomalous REE values, while REE mineralisation was also discovered in siliceous sandstone in a small gully immediately south of the main KK East

prospect. The gully was interpreted as being a NE-SW fault that may have been responsible for channelling fluids into the unconformity.

In all holes drill intercepts showed only weak enrichment in REE (Ce, Nd, Sm) at the surface and/or at the unconformity with good geochemical correlation with strontium commonly over 1,000ppm Sr and up to 4,500ppm in these sections. Follow up drilling is warranted.

## BROUGHTON CREEK

REE-URANIUM PROJECT  
30km south of Mary Kathleen, N QLD

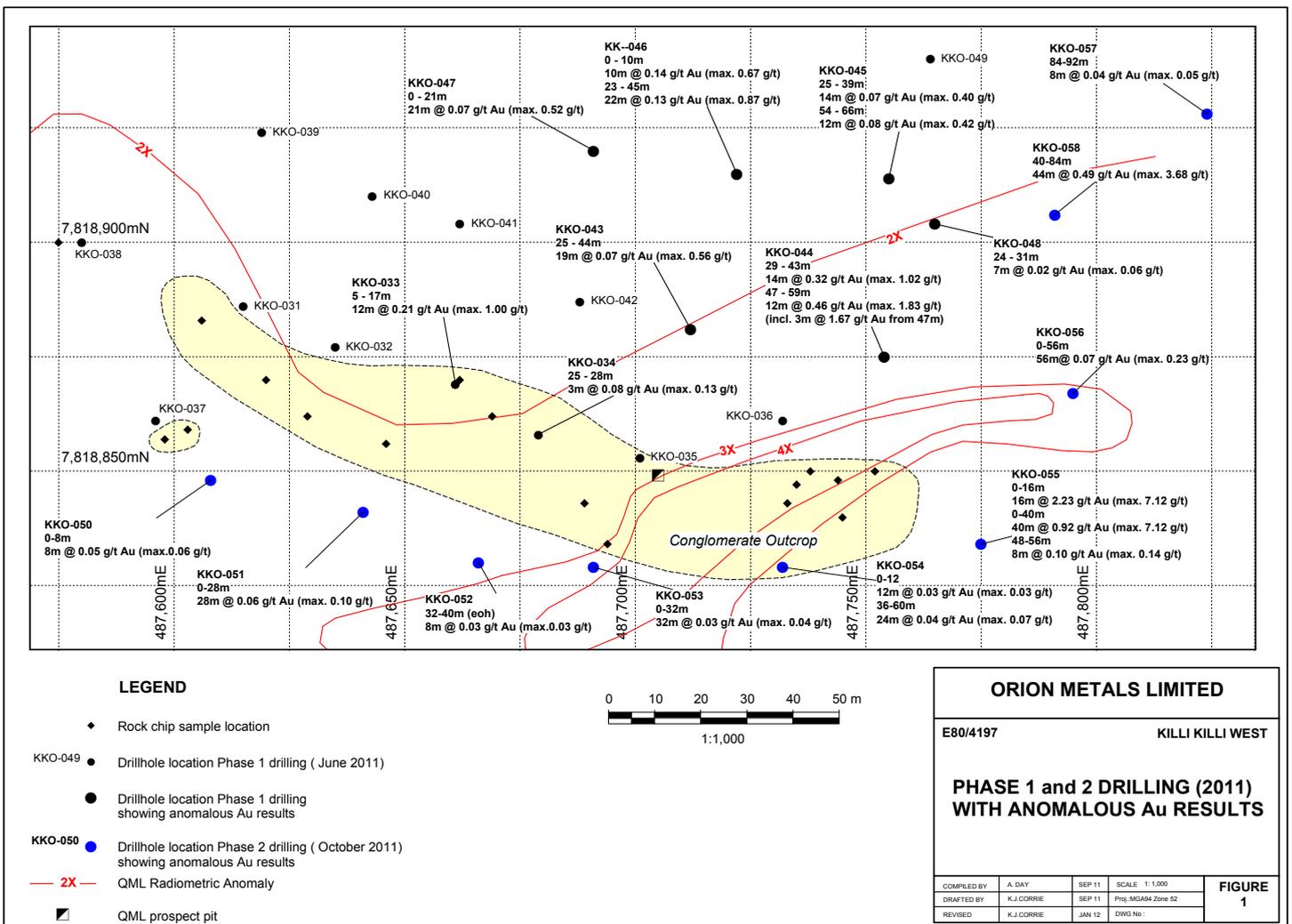
EPM's 16209, 17143, 17974, 18075 & 19011

Access to the tenements was restricted for the most part by the seasonal wet weather, however during the quarter a steel-framed shed was built at the camp site to protect the existing accommodation and to improve extend living and storage areas. This has resulted in a more permanent exploration headquarters for field operations.

Concurrent with the improved exploration camp, traverses of soil sampling were completed as an exercise to identify and characterise geochemical responses within the alteration zone hosting allanite (uranium bearing mineral) vein mineralisation. Results have been received and are being evaluated to assess the best technique to use.

During March/April it is intended to recommence field activities with systematic geological mapping, XRF geochemical analysis and spectrometer traversing of the known mineralised zones and checking of various regional anomalous features and targets.

# figure 2



KKO-047  
0 - 21m  
21m @ 0.07 g/t Au (max. 0.52 g/t)

KKO-046  
0 - 10m  
10m @ 0.14 g/t Au (max. 0.67 g/t)  
23 - 45m  
22m @ 0.13 g/t Au (max. 0.87 g/t)

KKO-045  
25 - 39m  
14m @ 0.07 g/t Au (max. 0.40 g/t)  
54 - 66m  
12m @ 0.08 g/t Au (max. 0.42 g/t)

KKO-049  
84-92m  
8m @ 0.04 g/t Au (max. 0.05 g/t)

KKO-057  
84-92m  
8m @ 0.04 g/t Au (max. 0.05 g/t)

KKO-058  
40-84m  
44m @ 0.49 g/t Au (max. 3.68 g/t)

KKO-048  
24 - 31m  
7m @ 0.02 g/t Au (max. 0.06 g/t)

KKO-044  
29 - 43m  
14m @ 0.32 g/t Au (max. 1.02 g/t)  
47 - 59m  
12m @ 0.46 g/t Au (max. 1.83 g/t)  
(incl. 3m @ 1.67 g/t Au from 47m)

KKO-048  
24 - 31m  
7m @ 0.02 g/t Au (max. 0.06 g/t)

KKO-056  
0-56m  
56m @ 0.07 g/t Au (max. 0.23 g/t)

KKO-055  
0-16m  
16m @ 2.23 g/t Au (max. 7.12 g/t)  
0-40m  
40m @ 0.92 g/t Au (max. 7.12 g/t)  
48-56m  
8m @ 0.10 g/t Au (max. 0.14 g/t)

KKO-054  
0-12  
12m @ 0.03 g/t Au (max. 0.03 g/t)  
36-60m  
24m @ 0.04 g/t Au (max. 0.07 g/t)

KKO-053  
0-32m  
32m @ 0.03 g/t Au (max. 0.04 g/t)

KKO-052  
32-40m (eoh)  
8m @ 0.03 g/t Au (max. 0.03 g/t)

KKO-051  
0-28m  
28m @ 0.06 g/t Au (max. 0.10 g/t)

KKO-050  
0-8m  
8m @ 0.05 g/t Au (max. 0.06 g/t)

KKO-037  
7,818,850mN

KKO-031  
5 - 17m  
12m @ 0.21 g/t Au (max. 1.00 g/t)

KKO-032

KKO-034  
25 - 28m  
3m @ 0.08 g/t Au (max. 0.13 g/t)

KKO-035

KKO-036

KKO-043  
25 - 44m  
19m @ 0.07 g/t Au (max. 0.56 g/t)

KKO-042

KKO-041

KKO-040

KKO-039

KKO-038  
7,818,900mN

487,600mE

487,650mE

487,700mE

487,750mE

487,800mE

Conglomerate Outcrop

2X

3X

4X

# project updates

## FULFORD & BONNOR CREEKS

### REE (MONZAITE, XENOTIME & HEAVY MINERAL) PROJECT

Northeast of Mt Surprise and southeast of Chillagoe

Fulford Creek EPM18331  
BonnerCreek EPM18449  
Dickson Creek EPMs 17011 & 17891  
MLA 30128

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

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

The current wet season has denied access to these creek systems, however 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 and have confirmed the existence of considerable monazite in the heavy mineral suite.

## TOP CAMP

### GOLD-COPPER PROJECT 40km south of Cloncurry

MLs 2764, 2785, 2786 & 2792

The project is presently being reviewed by potential joint venture partners with the view to drilling deeper holes on the new bodies of magnetite mineralisation discovered in ORM's previous drilling.

## SOUTH KOREA

### REE Projects

Orion currently holds a strategic 17.7% stake in Ultimate Resources Pty Ltd a Brisbane based REE explorer which is negotiating the acquisition of two REE projects in central South Korea.

Eorae San, is hosted in alkali igneous rocks and outcrops over 2kms of strike length, and has been partly quarried in the past for magnetite within the REE-Zr-Fe mineralised system. Exotic rock types host a complex suite of metals including niobium, hafnium, zirconium

and REE minerals. The mineralised body outcrops strongly and is amenable to open-pit mining in a poorly populated district. As quarrying activities have been conducted on parts of the licence in the past, no environmental obstacles are anticipated.

Hongchon, is a carbonatite dyke which extends over a strike length of 2.5kms, is typically 20-25 metres thick and has been drilled to a depth of 200 metres.

The authority controlling the mineral resources of Korea has conducted detailed assessments of the deposit to support the potential commercial significance of the project. The deposit hosts REE mineralisation associated with strontium, magnetite and apatite which could potentially be important co products.

Orion is working with Ultimate Resources to further secure and develop the projects.

## proposed work programs

- Field trips to the Company's Northern Australia projects at Killi Killi, Broughton and Fulford / Bonner Creeks are being planned for the May and August quarters. These visits will be performed to conduct systematic geological mapping, XRF geochemical analysis surveys and spectrometer traversing and regional sampling in support of additional drilling proposed for these projects later in the year.
- In addition, geoscientist Professor Ken Collerson has been engaged to provide a report on the Killi Killi region to expand on the preliminary studies conducted in 2010 / 2011 and to incorporate a review of the geology, geochemistry, geophysics and expand the potential mineralisation potential of the region.

## corporate

In March 2011, Orion announced a joint venture with Metal Bank Limited (ASX: MBK) under which Orion would acquire 50% of exploration licence E80/4212 and enter into a joint venture agreement with MBK. The agreement was subject to regulatory compliance which was to be completed by 22 December 2011. The required approvals were not received by

the completion date and accordingly the Company decided not to proceed with the acquisition.



Killi Killi Hills, Tanami WA



# 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 Quarter ended ("current quarter")

89 096 142 737 29 FEBRUARY 2012

### consolidated statement of cash flow

		Current quarter \$A'000	Year to date (12 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	(54)	(794)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(107)	(764)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	96	194
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>(65)</b>	<b>(1,364)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	(150)
	(b) equity investments	-	(220)
	(c) other fixed assets	(2)	(5)
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>(2)</b>	<b>25</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>(67)</b>	<b>(1,339)</b>

# appendix 5b

## mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(67)	(1,339)
<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	3,093	4,365
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,026	3,026

### 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	69
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	
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	-	-

# appendix 5b

## mining exploration entity quarterly report

### estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
4.3 Production	-
4.4 Administration	220
<b>Total</b>	<b>470</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	115	32
5.2 Deposits at call	411	561
5.3 Bank overdraft	-	-
5.4 Other (provide details)	2,500	2,500
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,026</b>	<b>3,093</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	E80/4212	Coyote	50%	0%
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 <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
		2,000,000	NIL	12c	29 July 2013
		500,000	NIL	20c	1 July 2014
7.8	Issued during quarter	NIL	NIL	NIL	NIL
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:  ..... Date: ....30/03/2012.....  
(Company secretary)

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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