



ORION METALS LIMITED

(ASX: ORM)

REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2012

CORPORATE

The following appointments were made during the quarter to the executive management of Orion Metals following the takeover by associated entities of Mr Conglin Yue.

Mr Chris Creagh – Chief Operating Officer, appointed 1 October 2012

Mr Peng Huang – General Manager, appointed 1 October 2012

Mr Bin Cai – Chief Financial Officer, appointed 1 October 2012

Mr. David K Barwick resigned as a Director on 30 September 2012

Cash balance as at 30 November 2012 was \$2.43m.

EXPLORATION

Project Updates

KILLI KILLI HILLS

RARE EARTH ELEMENT (REE) & GOLD PROJECT

200kms southeast of Halls Creek, WA

E80/4029, E80/4197 (granted tenements)

E80/4556, E80/4558 & E80/4559 (tenement applications)

As stated in the previous Quarterly Report, the Killi Killi Project was to undergo a review to determine the next phase of exploration to be carried out within the tenements. The recently appointed new Orion executive team has completed this review. The disappointing rare earth element (REE) geochemistry results from the drilling programme completed in July 2012 were analysed in conjunction with previously reported rock chip and drilling results. The conclusion from this review is that the current level of information suggests the silicified conglomerate unit at the base of the Gardiner Sandstone, which has been previously reported as hosting the significant rock chip REE geochemistry, is of limited aerial extent, possibly being developed as a narrow east-west trending palaeochannel.



The significant gold mineralisation from drill hole intercepts previously reported for the Killi Killi West prospect were investigated during the reporting period. The gold mineralisation has been observed to be coincident with significant sericite alteration within a basal sandstone unit within the Gardiner Sandstone, which unconformably overlies the Lower Proterozoic Killi Killi Beds. Field observations located a significant west-northwest shear/breccia zone within the Gardiner Sandstone adjacent to the area of previously reported gold mineralisation. The significance of this shear zone has not to-date been investigated for either REE or gold mineralisation. Future exploration activities will focus on determining the prospectivity of this shear zone and the potential within the two granted tenements for additional structures of a similar nature.

BROUGHTON CREEK

REE – U PROJECT

30kms south of Mary Kathleen, Queensland

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

No field work was carried out within the BROUGHTON Creek Project area during the reporting period.

With the takeover of Orion Metals completed in the previous quarter, it was important that the new Orion executive team review the current exploration programme as proposed for the Broughton Project prior to any further exploration work being completed. This was considered to be even more relevant following the recent announcement by the Premier of Queensland to permit the mining of uranium in the state.

As reported previously, exploration within the Broughton Creek Project has identified a zone of significant uranium and rare earth element mineralisation. The zone, which covers an area 4km by 4km in area, was identified using geological mapping, rock chip sampling and hand held spectrometry. Individual samples from within this zone have returned Total Rare Earth Element values as high as 9%, with uranium rock chip values recorded as high as 33%.

Field work will re-commence following the 2012-13 wet season.

250,000 ordinary shares were issued to Broughton Minerals Pty Ltd on 28th September 2012 in accordance with the Broughton Farm-In and Joint Venture Agreement. The shares will be held in escrow for a period of 12 months.

FULFORD & BONNOR CREEKS

REE PROJECT

Northeast of Mt Surprise, North Queensland

EPM's 17011 & 17891, EPMA's 18331, 18850 & 18449 & ML30128

No field work was carried out within the project area during the reporting period. The target mineralisation for the project area is rare earth elements, tin, tungsten and gold associated with greisen carapaces to regionally extensive granitic intrusive.



Field work will commence once the majority of the exploration permits have been granted.

TOP CAMP

GOLD COPPER PROJECT

40km south of Cloncurry, North Queensland

ML's 2764, 2765, 2786, & 2792

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

BUSINESS DEVELOPMENT

Orion Metals is constantly reviewing potential new projects to complement and boost the company's project portfolio.

Competent Persons Statement

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. Chris Creagh BSc Hons (Geology), MAusIMM, who is a competent person and member of the Australasian Institute of Mining and Metallurgy. Mr Creagh 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 Creagh is a Chief Operating Officer of Orion Metals Limited. He consents to the inclusion in the report of the matters based on the 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 at 30 November 2012

88,847,443 Shares issued & listed

1,000,000 Unlisted Options

417 Shareholders

Top 20 shareholders

Hold 92.39% of Listed Shares

Board

Mr Conglin Yue – Chairman

Ms Yanchun Wang – Director

Dr Tao Li – Director

Mr Bin Cai – Executive Director & CFO

Management

Mr Bill Lyne – Company Secretary

Mr Peng Huang – General Manager

Mr Chris Creagh – Chief Operating Officer

Largest Shareholders at 30 November 2012

Conglin Group / Mr Conglin Yue	68.71%
Jien Mining Pty Ltd	15.87%

Contact Details

Level 24, 71 Eagle Street, Brisbane, Queensland

GPO Box 7115 Brisbane Qld 4001

Phone: 61 7 3020 0000

Fax: 61 7 3020 0011

www.orionmetals.com.au

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 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(103)	(412)
(b) development	-	-
(c) production	-	-
(d) administration	(93)	(677)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	25	121
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	(171)	(968)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		-
(b) equity investments	-	(424)
(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	-	(500)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(924)
1.13 Total operating and investing cash flows (carried forward)	(171)	(1,892)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(171)	(1,892)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	25	1,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	300
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	1,300
	Net increase (decrease) in cash held	(146)	(592)
1.20	Cash at beginning of quarter/year to date	2,580	3,026
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,434	2,434

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	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

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

a) Item 1.2 (a) includes \$25,000 for 250,000 shares issued to Broughton Minerals Pty Ltd at 10 cents per share. This is the first tranche of shares to be issued as part earn-in consideration under the joint venture agreement with Broughton Minerals Pty Ltd .

b) Decrease in accrued interest income of \$48k.

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

+ See chapter 19 for defined terms.

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	350	350
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	98
4.2 Development	
4.3 Production	
4.4 Administration	179
Total	277

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	535	23
5.2 Deposits at call	399	557
5.3 Bank overdraft	-	-
5.4 Other (term deposits)	1,500	2,000
Total: cash at end of quarter (item 1.22)	2,434	2,580

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	NIL		
6.2	Interests in mining tenements acquired or increased	NIL		

+ See chapter 19 for defined terms.

Appendix 5B
Mining 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 Preference securities <i>(description)</i>	NIL	NIL		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	NIL	NIL		
7.3 *Ordinary securities As at 31 August 2012	88,597,443	88,597,443		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	250,000	250,000	10 cents	10 cents
7.5 *Convertible debt securities As at 31 August 2012	350,000	NIL		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -		
7.7 Options 31 August 2012 <i>(description and conversion factor)</i>	500,000 500,000	NIL NIL	<i>Exercise price</i> 12c 20c	<i>Expiry date</i> 31 Dec 2012* 1 July 2014
7.8 Issued during quarter	NIL	NIL	NIL	-
7.9 Exercised during quarter	NIL	NIL	NIL	-
7.10 Expired during quarter	NIL	NIL	NIL	-
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

* expiry date changed to 3 months after Director (D. Barwick) resigned in terms of options agreement.

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 ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



Date: 28 December 2012

(Director)

Print name:

Bin Cai
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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.

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