



ORION METALS LIMITED
(ASX: ORM)

REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2013

CORPORATE

No changes to the management team of Orion Metals Limited during the quarter.

Cash balance as at 28th February 2013 was \$2.29m.

EXPLORATION

Project Updates

KILLI KILLI HILLS

RARE EARTH ELEMENT (REE) & GOLD PROJECT

200kms southeast of Halls Creek, WA

E80/4029, E80/4197, E80/4558, E80/4559 & E80/4596 (granted tenements)

E80/4556 (granted post the reporting period)

EXPLORATION LICENCE	NO. OF SUB-BLOCKS
E80/4556	22
E80/4558	5
E80/4559	7
E80/4596	113

Orion Metals Limited has been granted four new exploration licences by the Western Australian Department of Mines and Petroleum. The tenements are all located within the Tanami Desert region of Western Australia. The tenements are located to the north, west and south of the company's existing 100% owned Killi Killi Project tenements (E80/4179 and E80/4029). The tenements have been granted to Rich Resources Investments Pty Ltd, a 100% owned subsidiary of Orion Metals Limited. Three tenements, E80/4558, 4559 & 4596 were granted during the reporting period, with E80/4556 granted post the reporting period (6th March 2013).

The four new tenements add approximately 475sq km of granted exploration licences to Orion Metals within the Tanami region of Western Australia. The new tenements contain similar stratigraphy to that which occurs within the existing Killi Killi project tenements. Exploration activity within the company's two existing tenements has located zones of anomalous Rare Earth and Gold mineralisation which are subject to ongoing exploration and definition. The addition of these four new tenements adds considerable exploration potential for Rare Earth Elements and Gold mineralisation to the company's portfolio.



Orion Metals has commissioned Salva Resources, a geological consulting company, to carry out a review and compilation of previous exploration that has been carried out within the new Killi Killi tenements. This review will assist Orion in fine tuning the programme of exploration to be carried out within the tenements.

No exploration activity occurred within E80/4197 & E80/4209 during the reporting period. Exploration within these tenements is scheduled to commence during April, following the predicted end to the current northern monsoon season.

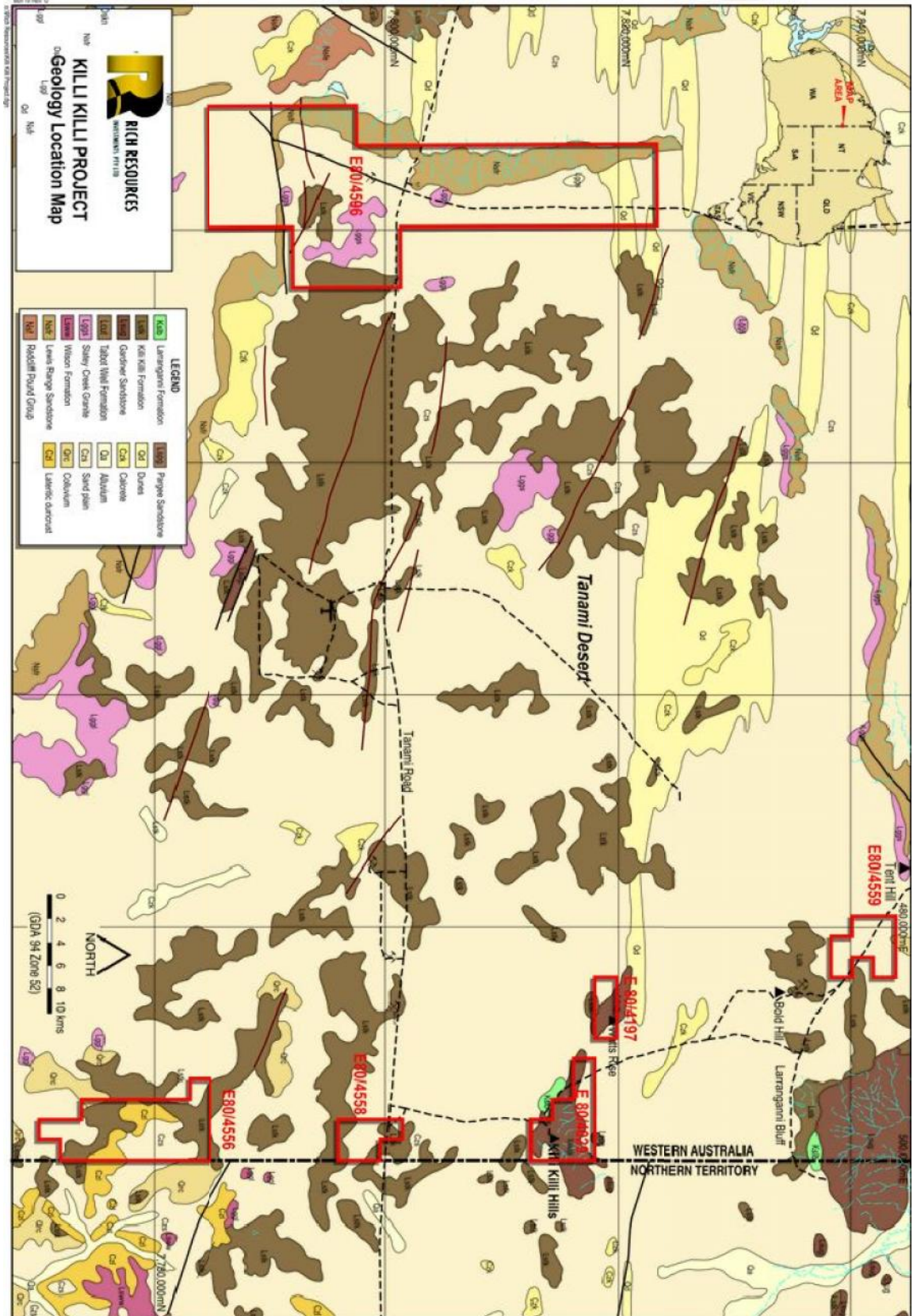


Figure. 1. Killi Killi Project Location Plan



BROUGHTON CREEK

RARE EARTH ELEMENT – URANIUM 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.

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

FULFORD & BONNOR CREEKS

RARE EARTH ELEMENT 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. 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.

ULTIMATE RESOURCES

Orion Metals holds a 43.9% interest in Ultimate Resources. Ultimate Resources has entered into an agreement to acquire the Mining Rights to the Eorae San and Hongchon rare earth element projects in South Korea. No field work was carried out by Ultimate Resources during the reporting period.

BUSINESS DEVELOPMENT

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



CORPORATE DIRECTORY

ORION METALS LIMITED

ASX Code: ORM

ABN: 89 096 142 737

Issued Capital as at 28 February 2013

92,347,443 shares issued & listed

500,000 unlisted options

413 shareholders

Top 20 shareholders

Hold 92.83% of listed shares

Largest shareholders

Conglin Group / Mr Conglin Yue 70.03%

Jien Mining Pty Ltd 15.27%

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

Contact Details

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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")

28 FEBRUARY 2013

Consolidated statement of cash flows

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	(27)	(439)
(b) development	-	-
(c) production	-	-
(d) administration	(134)	(811)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	148
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	(134)	(1,102)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		-
(b) equity investments	-	(924)
(c) other fixed assets	(1)	(1)
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)	(925)
1.13 Total operating and investing cash flows (carried forward)	(135)	(2,027)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(135)	(2,027)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	350	1,300
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	350
1.17	Repayment of borrowings	(350)	(350)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	1,300
	Net increase (decrease) in cash held	(135)	(727)
1.20	Cash at beginning of quarter/year to date	2,434	3,026
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,299	2,299

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	24
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

3,500,000 shares were issued on conversion of convertible notes maturing on 4 January 2013.

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

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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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	266
4.2 Development	-
4.3 Production	-
4.4 Administration	275
Total	541

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	542	535
5.2 Deposits at call	257	399
5.3 Bank overdraft	-	-
5.4 Other (term deposits)	1,500	1,500
Total: cash at end of quarter (item 1.22)	2,299	2,434

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	E80/4558	100%	0%	100%
	E80/4559	100%	0%	100%
	E80/4596	100%	0%	100%

+ 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 30 November 2012		88,847,443		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs		3,500,000 -	10 cents	10 cents
7.5 +Convertible debt securities as at 30 November 2012	350,000	NIL		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- (350,000)	- -		
7.7 Options as at 30 November 2012	500,000 500,000	NIL NIL	<i>Exercise price</i> 12c 20c	<i>Expiry date</i> 31 December 2012 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	500,000	NIL	12c	31 December 2012
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

* expiry date changed to 3 months after Director 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 ~~/does not*~~ (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

(Director/~~Company secretary~~)

27 March 2013

Date:

Print name:

Bin Cai

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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