

**ORION METALS LIMITED
(ASX:ORM)**

REPORT FOR THE QUARTER ENDED 31 MAY 2013

CORPORATE

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

Cash balance as at 31st May 2013 was \$2.15m.

EXPLORATION

Project Updates

KILLI KILLI HILLS

RARE EARTH ELEMENT (REE) & GOLD PROJECT

200kms southeast of Halls Creek, WA

E80/4029, E80/4197, E80/4556, E80/4558, E80/4559 & E80/4596

Detailed geological mapping of a significant quartz breccia shear zone has been carried out within E80/4197 (Killi Killi West). The shear zone can be traced at surface over a distance of 800m and has a consistent northwesterly strike and a moderate to steep southwesterly dip. The shear zone is located to the immediate north of the zone of anomalous gold mineralisation that was detected during earlier shallow reverse circulation drilling programmes within the tenement. A reverse circulation drilling programme is being planned to test the shear zone at the predicted intersection of the shear zone with the contact between the Killi Killi Beds and the overlying Gardiner Sandstone. No additional shear zones were located in either E80/4197 or E80/4029 (Killi Killi East).

A detailed review of previous exploration within the four recently granted tenements (E80/4556, 4558, 4559 & 4596) has been completed by consultancy group Salva Resources. The review included a report which has made several recommendations for future exploration programmes within these tenements.

BROUGHTON CREEK

RARE EARTH ELEMENT – URANIUM PROJECT

30kms south of Mary Kathleen, Queensland

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

A grid based ground radiometric survey was completed over a portion of EPM 16209. The region had been identified from an earlier airborne radiometric survey to contain significant radiometric anomalies, which had been followed up by regional rock chip sampling. This rock chip sampling programme recorded some very significant uranium and rare earth element anomalism (previously reported 20th April 2011). The uranium and rare earth element mineralisation has been identified as occurring within discrete veins within very poorly

exposed metamorphosed quartz feldspar porphyries and amphibolites of the Kalkadoon/Leichhardt Belt, which forms part of the Proterozoic Mt Isa Inlier.

The ground based radiometric survey was carried out to better define the previously identified airborne radiometric anomalies in the area, as poor exposure of the underlying geology made it difficult to refine potential drill targets. The survey was carried out under contract by Geosensor, a Brisbane based geophysical contracting company. Approximately 110km line kilometres were surveyed on a 10m, 20m or 40m line spacing, depending on the level of detail required in each area to achieve a suitably delineated target.

A shallow reverse circulation drilling programme is being planned to test the coincident radiometric and rock chip anomalous zones, to determine the nature and extent of the mineralisation in this region.

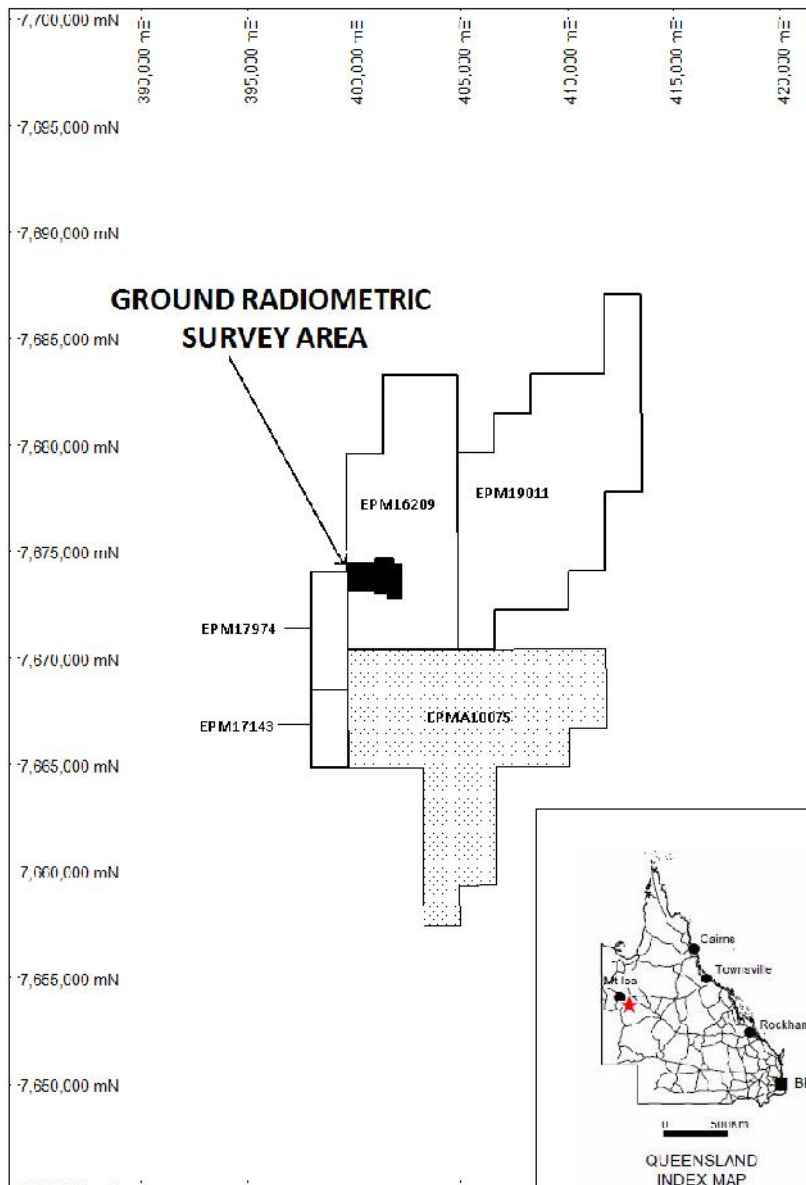


Figure 1 Broughton Creek JV Project Area

FULFORD & BONNOR CREEKS

RARE EARTH ELEMENT PROJECT

Northeast of Mt Surprise, North Queensland

EPM's 17011 & 18449. EPMA's 18331, 18850 & 17891. MLA30128

EPM 18449 was granted on the 14th May 2013. EPM 18449 consists of 25 sub-blocks and was granted for a period of 5 years.

No field work was carried out within the project area during the reporting period.

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. 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.

Competent Person Statement: The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Chris Creagh BSc(Hons) who is a member of the Australasian Institute of Mining and Metallurgy and is bound by and follows the Institute's codes and recommended practices. Mr Creagh is a full-time employee of Orion Metals Limited. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken 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". Mr Creagh consents to the inclusion in the report of the matters based on his 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 as at 31 May 2013

92,347,443 shares issued & listed

500,000 unlisted options

406 shareholders

Top 20 shareholders

Hold 93.3% of listed shares

Largest shareholders

Conglin Group / Mr Conglin Yue 69.9%

Jien Mining Pty Ltd 15.3%

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

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")

31 MAY 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(125)	(125)
(b) development	-	-
(c) production	-	-
(d) administration	(250)	(250)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (R & D tax concession)	212	212
Net Operating Cash Flows	(144)	(144)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		-
(b) equity investments	-	-
(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)	(1)
1.13 Total operating and investing cash flows (carried forward)	(145)	(145)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(145)	(145)
Cash flows related to financing activities			
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 (provide details if material)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(145)	(145)
1.20	Cash at beginning of quarter/year to date	2,299	2,299
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,154	2,154

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	
	N/A	

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

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	280
4.2 Development	-
4.3 Production	-
4.4 Administration	208
Total	488

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	29	542
5.2 Deposits at call	125	257
5.3 Bank overdraft	-	-
5.4 Other (term deposits)	2,000	1,500
Total: cash at end of quarter (item 1.22)	2,154	2,299

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	E80/4556 EPM 18449	100% 100%	0% 0%	100% 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 28 February 2013		92,347,443		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs		-		
7.5 +Convertible debt securities as at 28 February 2013	NIL	NIL		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7 Options as at 28 February 2013	500,000	NIL	<i>Exercise price</i> 20c	<i>Expiry date</i> 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 <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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:  Date: 28/06/2013
(Director/Company secretary)

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.

== == == == ==