



ORION METALS LIMITED

(ASX:ORM)

REPORT FOR THE QUARTER ENDED 31 AUGUST 2013



Reverse Circulation Drilling at the Broughton Creek Project



CORPORATE

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

Cash balance as at 31st August 2013 was \$1.93m.

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

No field work was carried out within the Killi Killi Hills group of tenements during the reporting period. Further work has been carried out analysing the historical drill results and recent structural and geological mapping programme within E80/4197. The mapping programme identified a northwest trending quartz-breccia shear zone that was traceable at surface over a strike length of 800m. This work suggests that the significant intercept within KKO116 of 8m @ 4.2 g/t Au from 68m is coincident with the extrapolated down dip extension of the quartz-breccia shear zone. This work has enabled further refinement of the proposed reverse circulation drilling programme to test for extensions along strike and down dip to this mineralisation.

A Heritage Impact Assessment notice has been lodged with the Kimberley Land Council outlining details of the proposed reverse circulation drilling programme that has been planned within E80/4197. This notification is required under the conditions of an Heritage Protection and Mineral Exploration Agreement between Orion Metals and the Kimberley Land Council. The notice also includes details of proposed exploration activities until December 2014 on the complete tenement package as all six tenements are subject to the same Agreement.

BROUGHTON CREEK PROJECT

RARE EARTH ELEMENT – URANIUM PROJECT

30kms south of Mary Kathleen, Queensland

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

The Broughton Creek Project is a farm-in/joint venture between Orion Metals Limited and Broughton Minerals Pty Ltd. Orion Metals is farming in to the project and is manager of the project.

A reverse circulation drilling programme has been carried out within EPM 16209. The drilling programme commenced on the 27th August 2013. The drilling programme consisted of 16 shallow inclined drill holes that were targeted at coincident radiometric and geochemically anomalous zones identified from earlier exploration work. A cultural heritage survey was carried out prior to the drilling programme commencing. A total of 1476m were drilled in the programme with hole depths varying between 60 and 138m. The drilling programme was carried out by Tom Browne Drilling. Geochemical samples were collected from an automatic splitter on each metre drilled and submitted to ALS for analysis. No analytical results had been received from ALS at the time of reporting.

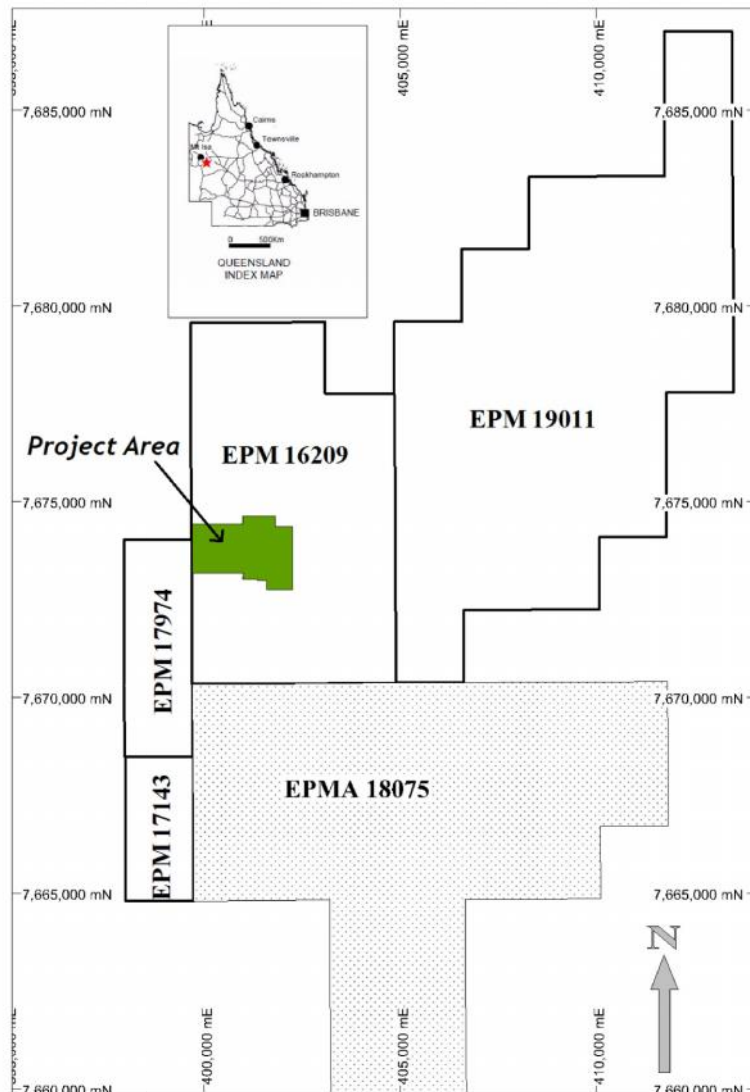


Figure 1. Broughton Creek JV Project Area

Prior to Orion Metals entering into the Farm-in and Joint Venture Agreement with Broughton Minerals, Broughton Minerals had completed an airborne radiometric and magnetic survey over EPM 16209. This airborne survey highlighted some significant radiometric anomalies which were followed up by Broughton Minerals with an extensive rock chip/float geochemical sampling programme. This geochemical sampling programme returned some highly anomalous uranium and Rare Earth Element results. These were reported by Orion Metals in April 2011. The uranium/rare earth element mineralisation was determined to occur within narrow allanite veins within the very poorly exposed regionally metamorphosed quartz feldspar porphyries and amphibolites of the Kalkadoon/Leichhardt Belt, which forms part of the Proterozoic Mt Isa Inlier.

Orion Metals completed a detailed ground based radiometric survey of the most prospective region within EPM 16209 in April 2013. The purpose of this survey was to better define the boundaries of the radiometric anomalies to assist in drill targeting. A programme of geological mapping was carried out at the same time in an attempt to understand the nature of the uranium/rare earth element mineralisation. The geological mapping, airborne magnetic survey and ground and airborne radiometric surveys were all referenced when planning the reverse circulation drill programme.

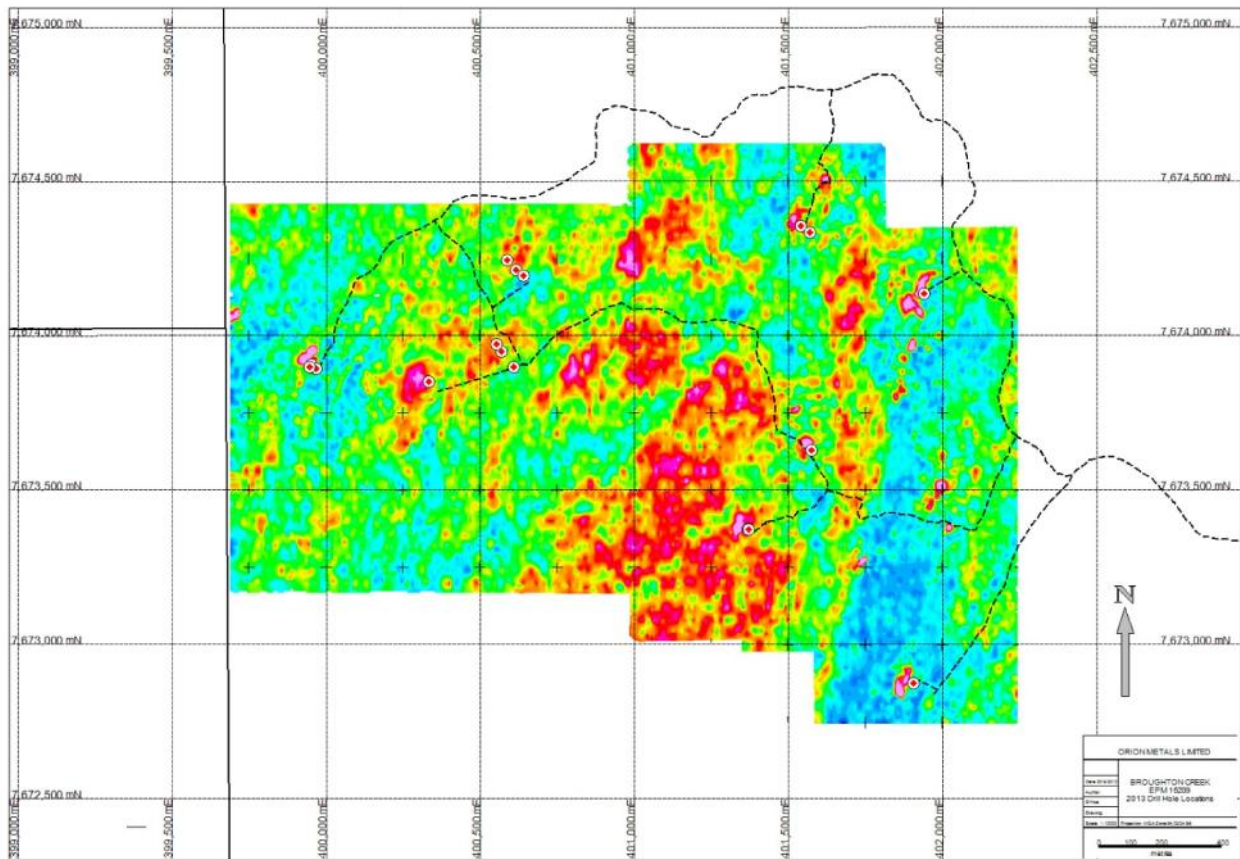


Figure 2. EPM 16209 Project Area. Ground Radiometric Survey (uranium) with Reverse Circulation Drill Hole Locations Marked

BROUGHTON CREEK RC DRILLING PROGRAMME					
MGA 94 ZONE 54					
Hole ID	Easting	Northing	Azimuth (mag)	Dip	Depth
BCRC001	399951	7673906	308	-60	60
BCRC002	399968	7673892	307	-60	60
BCRC003	399946	7673898	308	-60	60
BCRC004	400615	7674213	308	-60	90
BCRC005	400638	7674193	309	-60	90
BCRC006	400585	7674245	309	-60	78
BCRC007	400331	7673851	308	-60	138
BCRC008	400607	7673898	308	-60	132
BCRC009	400568	7673947	308	-60	96
BCRC010	400551	7673973	309	-60	78
BCRC011	401538	7674355	309	-60	90
BCRC012	401567	7674334	309	-60	90
BCRC013	401939	7674137	309	-60	78
BCRC014	401574	7673628	309	-60	78
BCRC015	401368	7673373	329	-60	90
BCRC016	401370	7673370	321	-70	78
BCRC017	401904	7672873	307	-60	90

Table 1. Broughton Creek RC Drill Hole Data



FULFORD & BONNOR CREEKS

RARE EARTH ELEMENT PROJECT

Northeast of Mt Surprise, North Queensland

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

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. It was announced during the reporting period that Ultimate Resources has withdrawn from the two Rare Earth Element projects that it was acquiring in South Korea via its wholly owned subsidiary Jin Seong. The two projects, Eorae San and Hongchon South, were being purchased via a series of payments that were scheduled for completion in January 2014. Ultimate Resources is in the process of winding up Jin Seong.

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 August 2013

92,347,443 shares issued & listed

500,000 unlisted options

405 shareholders

Top 20 shareholders

Hold 93.15% 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

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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")

31 AUGUST 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(51)	(176)
(b) development	-	-
(c) production	-	-
(d) administration	(191)	(441)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (R & D tax concession)	-	212
Net Operating Cash Flows	(218)	(362)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		-
(b) equity investments	-	-
(c) other fixed assets	-	(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)
1.13 Total operating and investing cash flows (carried forward)	(218)	(363)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(218)	(363)
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		(218)	(363)
1.20	Cash at beginning of quarter/year to date	2,154	2,299
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,936	1,936

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	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

N/A

- 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	517
4.2 Development	-
4.3 Production	-
4.4 Administration	197
Total	714

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	29
5.2 Deposits at call	407	125
5.3 Bank overdraft	-	-
5.4 Other (term deposits)	1,500	2,000
Total: cash at end of quarter (item 1.22)	1,936	2,154

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 Opening balance as at 31 May 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 Opening balance as at 31 May 2013	NIL	NIL		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7 Options Opening balance as at 31 May 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: ...30 September 2013.....
(Director/~~Company secretary~~)

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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