

ORION METALS LIMITED
ASX Code: ORM

Issued Capital at 31/5/2011
79,597,443 Shares issued & listed
1,500,000 Unlisted Directors' Options
1,500,000 Unlisted Consultant's Options
790 Shareholders

Top 20 shareholders
Hold 72.5 % of Listed Shares

Board

Mr. David K Barwick – Chairman
Mr. Andrew Gillies – Director
Mr. Adrian Day – Director
Mr. Tao Li – Director
Mr. Bill Lyne – Company Secretary

Largest Shareholders

Mr Conglin Yue	15.97%
Metallica Minerals Ltd	14.91%
Jien Mining Pty Ltd	13.95%
Directors	5.48%

Cash Balance

As at 31 May 2011
approx \$ 4.4 million



Q1 quarterly report

ending may 2011

key achievements

- In March strengthened land holding in the Tanami to 616km² having agreed to acquire and JV with MetalBank Ltd (ASX: MBK) on tenement E80/4212 and Orion's tenement application for E80/4596.
- In April entered into a farm in agreement for a rare earth element (REE) project in the Cloncurry district. Broughton has discovered a new uranium (U)/REE mineralisation at Broughton Creek, 30km south of the historic Mary Kathleen U/REE mine, and holds 278km² in 5 exploration permits.
- During May announced contract with Aeroquest Airborne to conduct a detailed airborne geophysical survey over tenements in the Tanami region in June. This survey will cover in excess of 600km² and will include an adjoining exploration licence, EL25454 in the Northern Territory held by Oklo Resources Ltd (ASX:OKU).
- Proceeds from sale of Rutherfords Table

project for \$400,000 received.

- Announced the commencement of field work and exploration on the Killi Killi Hills project including assaying of additional rock chip samples.

Q1 in review

Orion used the extended northern Western Australia wet season to acquire and accumulate both data and tenures, and to consolidate the Killi Killi Hills project.

A contract was signed to fly a geophysical survey over the Killi Killi/Coyote tenure block, as well as EL25454 in the Northern Territory. The latter is controlled by Oklo Resources Ltd, and agreement was reached to include this tenure into the airborne survey, with Orion participating in a joint venture at its election should it decide that targets of interest have been defined by the survey.

Field work at Killi Killi was restricted by the lack of access due to flooding, but at the end of the quarter a field trip was completed and allowed location of previously unvisited features and the sampling of the outcrop of the Killi Killi West prospect. This is a mineralised, mildly radioactive, conglomerate and coarse sandstone lens similar to Killi Killi East and analytical results are expected soon.

An aircore/RC drilling programme is being planned for MBK Coyote EL4212 and the KK West prospect when access and a suitable rig are available.

Consolidation of Orion's REE activities continued during the quarter with agreement being reached with Broughton Minerals Pty Ltd, a private company holding a newly discovered REE-U prospect in the Cloncurry district. This will provide the opportunity to conduct field work for most of the year, especially when the Tanami area is inaccessible.

corporate directory

Directors

David K. Barwick	Acting Executive Chairman
Andrew Gillies	Non Executive Director
Adrian Day	Non Executive Director
Tao Li	Non Executive Director

Company Secretary

Bill Lyne

Solicitors

HopgoodGanim Lawyers
Level 8 Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Bankers

Westpac Banking Corporation
240 Queen Street
Brisbane QLD 4000

Auditors

BDO Kendalls (QLD)
Level 18, 300 Queen Street
Brisbane QLD 4001

Shares & Options Register

Link Market Services Limited Level 15, 324 Queen Street Brisbane QLD 4000	Facsimile for Proxies: (02) 9287 0309 Freecall: 1300 554 474 Telephone: (02) 8280 7454
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Administration & Registered Office

71 Lytton Road East Brisbane QLD 4169 www.orionmetals.com.au	Telephone: (07) 3249 3060 Facsimile: (07) 3249 3061
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ASX:ORM

corporate

Orion is now well capitalised and poised for growth with a significant budget approved for exploration on the Killi Killi rare earth and gold project located in Western Australia.

The Company is also progressing with the formal agreement with Broughton Minerals Pty Ltd which has discovered a new U/REE mineralisation at Broughton Creek, 30km south of the historic Mary Kathleen U/REE mine. Broughton holds 278km² in five EPMs; 16209, 17143, 17974, 18075 and 19011.

Under the arrangement ORM will pay a cash consideration of \$150,000 in compensation for past exploration expenses including an airborne geophysical survey. ORM will have the right to earn up to 90% equity in the project by an expenditure initially of \$2m for 50% interest over 5 years and then an additional \$1m for each incremental increase of 10% equity. ORM reserves the right to withdraw from the project at any time, but should it elect to proceed, it will on an annual basis, issue 250,000 ordinary shares to Broughton to a maximum total of 1 million shares.

We are currently seeking the appointment of a full time Chief Executive Officer to fill the part time Managing Director role which was vacated during the Quarter.

Orion is still actively pursuing additional opportunities in the rare earth and gold sector.



David K Barwick
Chairman & Acting Executive
Orion Metals Limited
Ph 07 32493060

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. Adrian Day BSc (Geology), MAIG, MSEG, MGSA who is a competent person and member of the Australasian Institute of Geoscientists. Mr Day 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 Day is a non-executive Director of Orion Metals Limited and part-time consultant to the company. He consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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project updates

KILLI KILLI HILLS

RARE EARTH ELEMENT PROJECT 200km south-east of Halls Creek, WA

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

Rare earths, uranium and gold

Field work in the Tanami region was severely restricted during the quarter by the exceptionally heavy monsoon season – in fact, access to the region was delayed until mid-May because of road closures.

In part, this was anticipated, and the Company staff and consultants spent the time acquiring and interpreting all available geological and geophysical data, establishing a database of reports by previous explorers and planning the 2011 field season. This planning included the location of out-crop sites, their sampling by rock chips and spectrometer traversing and the location of radiometric anomalies. This accumulated data will now form the basis of planning a number of drilling programmes this year.

Also a farm-in was negotiated with Oklo Resources Ltd to allow Orion to incorporate Oklo's EL25454 in the Northern Territory bordering the Killi Killi East property into a regional airborne geophysical survey. This will allow acquisition of high resolution radiometric and magnetic data over

in excess of 600km² of tenement package. This new information will provide a structural interpretation that will provide additional exploration targets and anomalies that will guide future detailed exploration in the project area.

It is intended to conduct similar surveys on the Selby Hills licence (E80/4596), 75km west of the present project area, when granted.

BROUGHTON CREEK

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

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

A new discovery by a private prospecting group of high-grade allanite veins associated with high-level altered intrusives.

On 20 April Orion announced that it had entered into a farm-in agreement with Broughton Minerals Pty Ltd, a Brisbane-based private prospecting company, to explore their newly discovered REE-uranium prospect in the Cloncurry district.

Broughton had completed a 1,700 line km aerial survey over EPM16209 and produced high resolution data that has demonstrated that the prospective zones are quite extensive and never explored for REE

mineralisation. Defined radioactive occurrences and lithologies are currently being located on the ground.

Broughton's work included the collection of 254 rock and mineral samples (mostly highly selective) over sub-crop float of which 149 returned an average of total rare earth elements (TREE) of 1%, with maximum values to 9% TREE. It is Orion's intention to concentrate on locating REE mineralisation within the tenements and assess the occurrences in detail. Also recorded were assays of uranium values up to 33% U, with 166 of the samples averaging 3% uranium.

It has been recognised that the radioactive mineral is allanite, the same mineral found at Mary Kathleen U-REE Mine, and appears associated with distinctive lithologies, both as discrete mineral veins and disseminated inclusions. The TREE suite represented is essentially of the "light" category, however the "heavy" members are present, for example, dysprosium to 2,933ppm, neodymium to 8,487ppm, samarium to 1,356ppm, ytterbium to 1,856ppm and yttrium to 8,086ppm.

The Broughton Creek project provides the opportunity to conduct fieldwork for most of the year, whereas Killi Killi becomes inaccessible in the wet season for 4-5 months. It is Orion's intention to begin field operations on the project as soon as the formal agreement has been executed.

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project updates

FULFORD & BONNOR CREEKS

REE PROJECT northeast of Mt Surprise and southeast of Chillagoe

Fulford Creek EPM 18331, Bonnor Creek EPM 18449, and Dickson Creek EPMs 17011 & 17891 & MLA 30128

Heavy mineral concentrations in streams draining radiogenic granites that contain high levels of monazite and xenotime minerals which host rare earth elements (REE).

The total holding of directly owned and optioned tenements in the Fulford-Bonnor Creeks project area is now 580km², and the formal granting of these titles is proceeding.

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

Access during the quarter was denied because of the annual wet season, but sampling, identification and analysis is planned in the coming dry season to determine the rare earth elements contained in the drainages and mineral assemblages. Initial reconnaissance samples that have already been examined by a consultant petrologist have confirmed the existence of monazite in the heavy mineral suite.

MALCOLM CREEK

GOLD PROJECT
80km south Georgetown, N QLD

Malcolm Ck EPM 14231, EPMA 17739

Gold bearing breccias, porphyry and quartz vein swarms similar in style to the Kidston gold deposit.

On the 18th of January this year ORM was advised by Newmont Exploration Pty Ltd that the results of its four hole drilling programme were disappointing and that it would be terminating the joint venture agreement. As a result of this notification from Newmont the company has decided to withdraw from its royalty agreement with the tenure holders.

TOP CAMP

GOLD-COPPER PROJECT
40km south of Cloncurry

MLs 2764, 2785, 2786 & 2792

Newly discovered magnetite bodies in an alluvial goldfield with hard rock gold and copper prospects.

Following the discovery in the 2010 drilling programme of new bodies of magnetite that appear spatially related to alluvial gold workings and hard rock gold and copper

occurrences, the results of the drilling programme are being evaluated. Future exploration options are currently being considered including JV farm out.

RUTHERFORDS TABLE

GOLD PROJECT
150km south-west of Bowen

MLs 1035 & 1060

Alluvial goldfield with established resources and production plant.

The titles to this project are currently being transferred to Goodland Mining Pty Ltd in concluding the sale transaction.

During the quarter, Rutherfords Project was sold for \$400,000.

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proposed work programmes to 31 august 2011

KILLI KILLI HILLS

- Field inspection and chip sampling of other occurrences, eg Killi Killi West;
- Completion of the airborne geophysical survey;
- Aircore/RC drilling of known geophysical features and outcropping mineralisation.

BROUGHTON CREEK

- Conclusion of the farm-in agreement to allow initial field work and planning of future programme.

FULFORD & BONNOR CREEKS

- Conduct initial reconnaissance of project area to permit planning of the 2011 programme.

TOP CAMP

- Assessment of drill results and formulation of future exploration works including seeking a joint venture partner.

PROJECT APPRAISAL

- Ongoing assessment of additional gold and rare earth project opportunities.

tenement table

as at may 31 2011

Tenement	Project Name	Registered Holder	Status	Orion interest	Date of Grant	Number of Sub-Blocks	Commodity	Minimum Expenditure
E80/4029	Killi Killi Hills	RRI* 100%	Granted		16/4/2009	10	REE, Au, U	\$20,000
E80/4197	Killi Killi Hills	RRI* 100%	Granted		15/10/2009	3	REE, Au, U	\$15,000
E80/4558	Tanami East	RRI* 100%	Appl'n (06/01/11)			5	REE, Au, U	N/A
E80/4559	Gardner Range West	RRI* 100%	Appl'n (06/01/11)			7	REE, Au, U	N/A
E80/4596	Selby Hills	RRI* 100%	Appl'n (03/03/11)	100%		113	REE, Au, U	N/A
EPMA 18331	Fulford Creek	ORM 100%	Appl'n (09/10/09)	100%		42	REE	\$50,000
EPMA 18850	Fulford Creek	ORM 100%	Appl'n (01/09/00)	100%		100	REE	\$2,500
EPMA 18449	Bonnor Creek	ORM 100%	Appl'n (90/12/09)	100%		25	REE	\$50,000
EPM 17011	Black Springs Creek	J W Withers	Granted	100%**	16/6/2008	4	All minerals	\$2,500
EPMA 17891	Black Springs Creek	J W Withers	Appl'n (3/11/08)	100%**	16/6/2008	8	All minerals	\$2,500
MLA 30128	Dickson Creek	J W Withers	Appl'n (15/9/08)	100%**	16/6/2008	35.2 ha	All minerals	N/A
Mining Lease	Project Name	Registered Holder	Status	Orion interest	Date of Grant	Area hectares	Commodity	Minimum Expenditure
ML 2764	Top Camp	ORM 100%	Granted	100%	19/01/1989	103	Au	N/A
ML 2785	Top Camp	ORM 100%	Granted	100%	6/02/1992	129.2	Cu	N/A
ML 2786	Top Camp	ORM 100%	Granted	100%	15/2/1990	70	Cu	N/A
ML 2792	Top Camp	ORM 100%	Granted	100%	6/2/1992	105	Cu	N/A
ML 1035	Rutherfords Table	ORM 100%#	Granted	100%	3/06/1976	32.36	Au	N/A
ML 1060	Rutherfords Table	ORM 100%#	Granted	100%	8/05/1986	211.7	Au	N/A

*Rich Resources Investments Pty Ltd

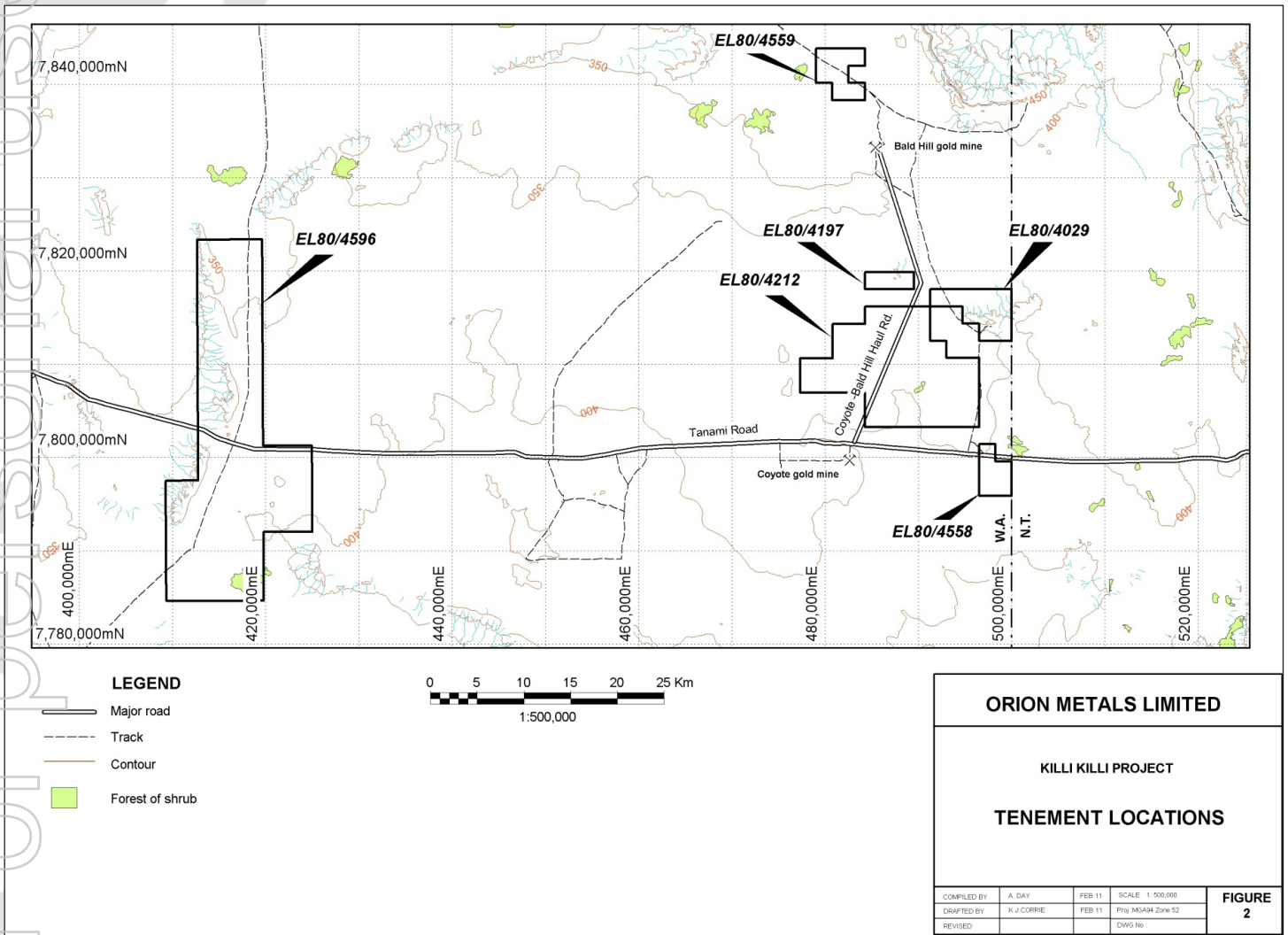
**Subject to royalty

#Pending sale (Goodland Mining Pty Ltd)

Rare Earth Elements (REE), Gold (Au), Uranium (U), Copper (Cu)

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tenement locations



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 2011

consolidated statement of cash flow

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(179)	(179)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(231)	(231)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	50	50
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		(360)	(360)
Cash flows related to investing activities			
1.8	Payment for purchases of:	-	-
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:	-	-
	(a) prospects	400	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)	-	-
Net investing cash flows		400	400
1.13	Total operating and investing cash flows (carried forward)	40	40

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mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	40	40
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 (share issue costs)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		40	40
1.20	Cash at beginning of quarter/year to date	4,365	4,365
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,405	4,405

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	86
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	

The \$400k in 1.9 is the settlement proceeds from the Rutherfords sale.

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

NIL

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

NIL

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mining exploration entity quarterly report

estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	310
4.2 Development	-
4.3 Production	-
4.4 Administration	216
Total	526

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	14	826
5.2 Deposits at call	4,391	3,539
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,405	4,365

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	ML1035 ML1060	Rutherfords Table Rutherfords Table	100% 100%	NIL NIL
6.2 Interests in mining tenements acquired or increased	E80/4596	Selby Hills	NIL	Application 3/3/11

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 (description)	N/A	N/A		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 ⁺ 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 ⁺ Convertible debt securities (description)	N/A	N/A		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	NIL	NIL		

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mining exploration entity quarterly report

7.7	Options (description and conversion factor)			Exercise price	Expiry date
		500,000	NIL	10 c	29 Oct 2011
		2,000,000	NIL	12 c	29 July 2013
		500,000	NIL	15 c	29 Oct 2011
7.8	Issued during quarter	-	-	15c	
7.9	Exercised during quarter	NIL	NIL	NIL	NIL
7.10	Expired during quarter	NIL	NIL	NIL	NIL
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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:28/06/2011.....
(Director/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.

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