



Orion Gold<sub>NL</sub>

# QUARTERLY REPORT

## Report on Activities for the Quarter Ending 30 June 2009

### Key Points

- Company's shares re-instated to trading on the ASX on 21 July 2009.
- Deed of Company Arrangement effectuated and retirement of Deed Administrator on 16 July 2009 with full payment of admitted claims of creditors.
- The Company:
  - Raised \$5.8 million (before costs) on 22 June 2009 by issuing 580 million fully paid ordinary shares at \$0.01 per share.
  - Received \$4.6 million (before costs) on 24 June 2009 from Silja Investment Limited in relation to the drawdown of the Second and Third Tranche Notes under the terms of the re-negotiated converting loan agreement.

Total cash on hand at the end of the Quarter of \$9.67 million.

- Following a preliminary review of geological and technical data in recent months, the Board of Directors has adopted a two part strategic plan:
  1. Progress a pre-feasibility study on the current gold resources within the Walhalla Gold Project.
  2. Complete a full technical review of all data relating to the highly prospective Walhalla Gold Project and determine priority targets to be drill tested.
- Key appointments of General Manager - Corporate, General Manager - Exploration and Chief Financial Officer.
- The Company's name was changed to Orion Gold NL (ASX code: ORN) on 17 June 2009.

Orion Gold NL  
ABN 76 098 939 274  
ASX Code: ORN

W: [www.oriongold.com.au](http://www.oriongold.com.au)

**Contact:**  
Level 11, 330 Collins Street  
Melbourne VIC 3000  
T: +61 3 8080 7170  
F: +61 3 8080 7174  
E: [info@oriongold.com.au](mailto:info@oriongold.com.au)

**Company enquiries:**

Denis Waddell Executive Chairman  
Martin Bouwmeester General Manager - Corporate

## Important Notice

Following the appointment of Administrators on 8 January 2009, ASX trading of the Company's shares was suspended from 8 January 2009. Subsequently, at a meeting of creditors held on 27 February 2009, creditors accepted the Deed of Company Arrangement ("DOCA") proposal, the principal objective of which was to restore the operational independence of the Company and to maximise the return to shareholders and creditors as compared with a liquidation scenario.

In accordance with the DOCA, at a general meeting of the Company on 12 June 2009 ("Shareholder Meeting") shareholder approval was obtained to raise sufficient funds from new capital and a re-

negotiated converting loan agreement from Silja Investment Limited ("Silja"), to enable full payment of the costs and expenses of the Administrators, payment of 100% of the admitted claims of unsecured creditors and most importantly for shareholders, fund the ongoing exploration of the Company's highly prospective Walhalla Gold Project tenement package and progress the Walhalla Gold Project pre-feasibility study.

On 22 June 2009 the Company issued \$5.8 million (before expenses) of the \$6.0 million Capital Raising approved by shareholders at the Shareholder Meeting and on 24 June 2009, the Company received \$4.6 million (before expenses) from Silja in relation to the drawdown of the

Second Tranche Note and Third Tranche Note of the re-negotiated converting loan agreement. During the Quarter, the Company applied for the re-quotation of the Company's securities on ASX Limited (ASX). With the DOCA having been effectuated on 16 July 2009 (including payment in full of all admitted claims of unsecured creditors), the Deed Administrator having resigning on that date and the Company having satisfied ASX's conditions for reinstatement, the Company's shares were reinstated to trading on the ASX on 21 July 2009.

The Company is now in a sound financial position to progress exploration of the Company's highly prospective Walhalla Gold Project and the pre-feasibility study.

## Operations

### Walhalla Gold Project (Orion 100%)

Following the change of the Board of Directors earlier this year, the recent appointment of additional key personnel and the completion of the capital raising, the Company has undertaken a preliminary review of geological data and historical mining records relating to the Walhalla Gold Project tenement area.

Based upon this review, the Board of Directors has adopted a two part strategic plan:

1. Progress the pre-feasibility study on the current gold resources within the Walhalla Gold Project.

2. Complete a full technical review of all data relating to the highly prospective Walhalla Gold Project to determine priority targets to be drill tested.

Both programs will be run concurrently to ensure optimal development of the Walhalla Gold Project.

The Company considers both the Cohen's Line and the Ross Creek Line to be highly prospective given the significant historical production (approximately 1.5 million ounces) and recovered grade (+1 ounce of gold per tonne) from the Cohen's Line and

the existing resources at Tubal Cain and Eureka that sit within the Ross Creek Line which is located approximately two kilometres east of the Cohen's line. In addition, there are numerous untested drill targets along the West 1 and West 2 faults which are located approximately one kilometre west of the Cohen's Line.

The Company will provide a further update during the September 2009 Quarter on the planned priority drill program along the Cohen's Line and the West 1 and West 2 faults (see Figures 1 and 2).

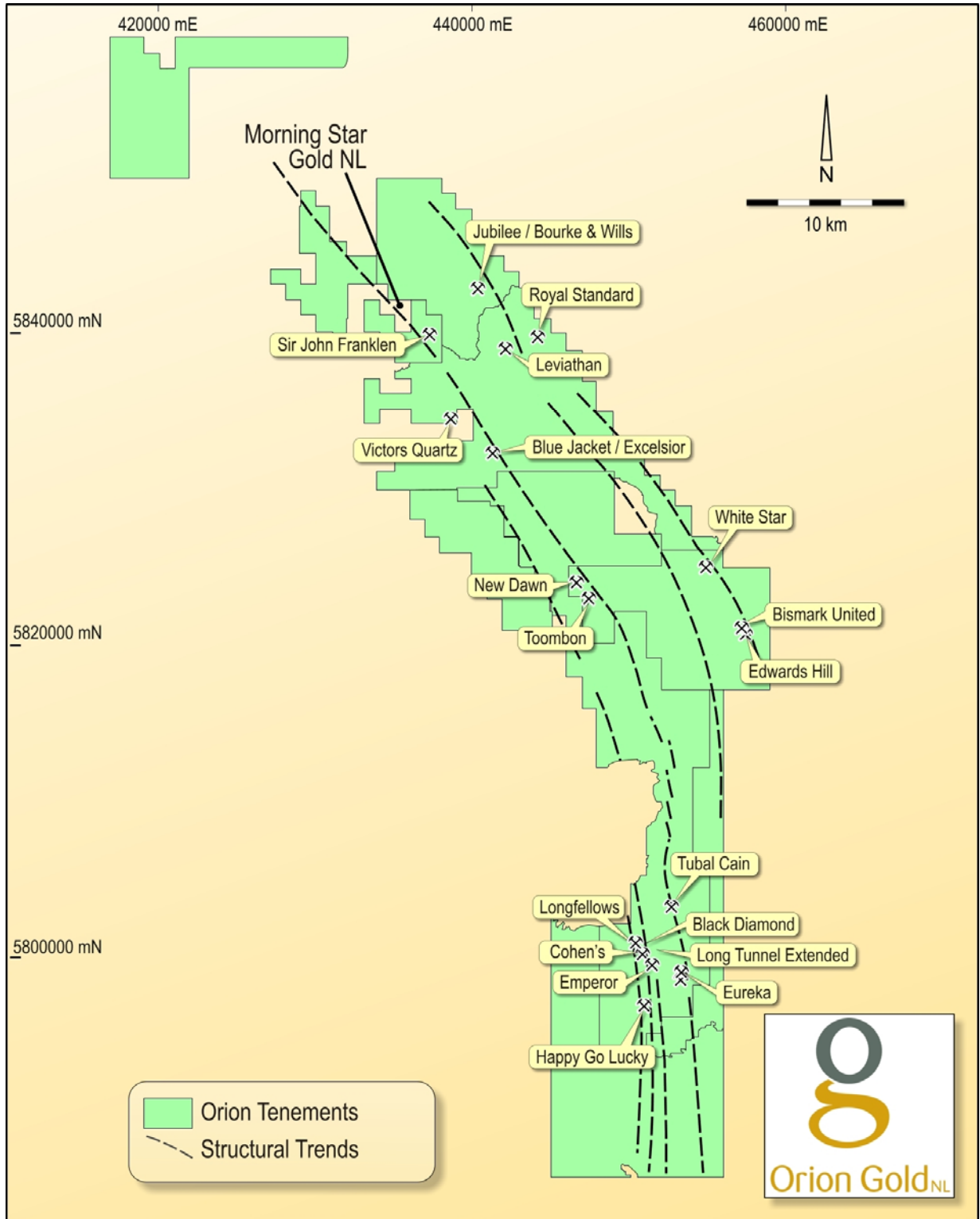


FIGURE 1 PROJECT LOCALITY PLAN

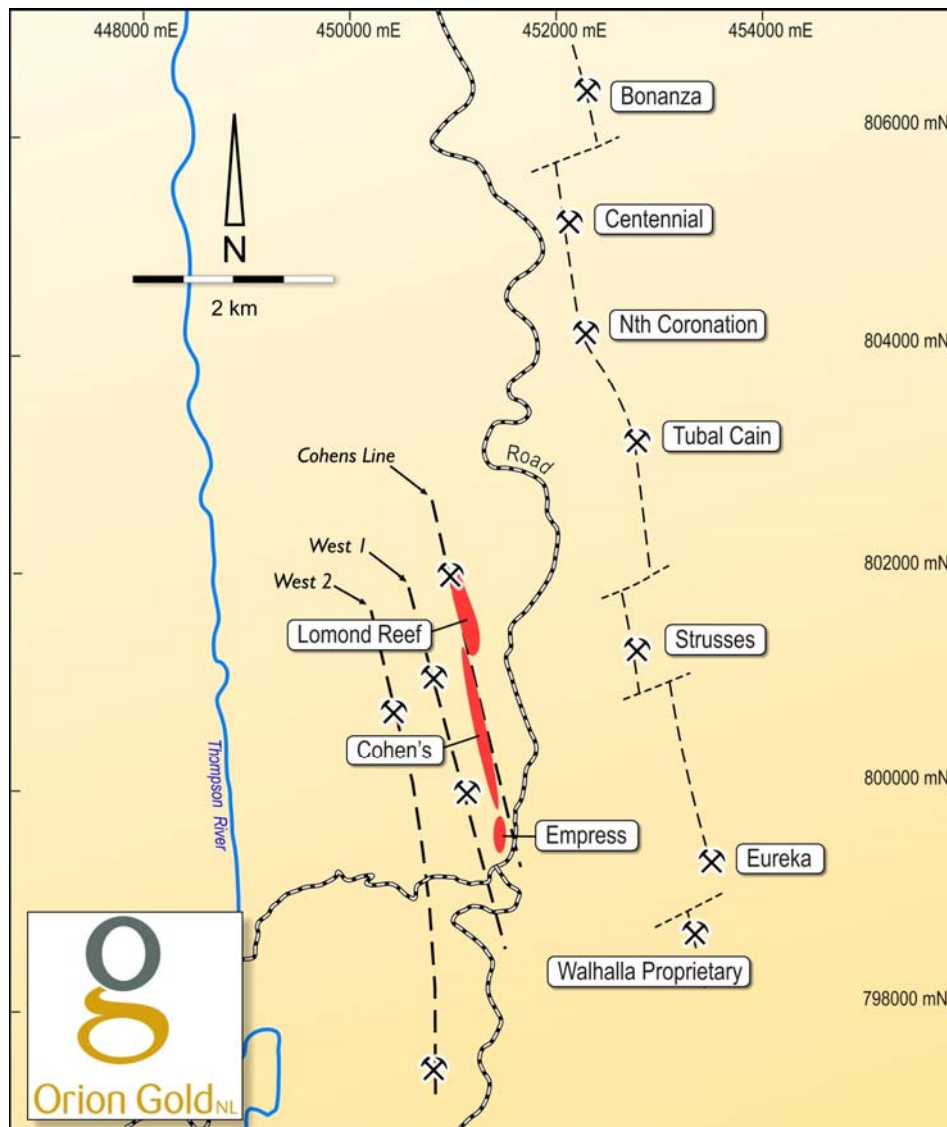


FIGURE 2 WALHALLA HISTORICAL WORKINGS

## Other Projects

### Millrose Gold and Nickel Project (Orion 85%) and Millrose West Gold and Nickel Project (Orion 100%)

As part of the evaluation of the Company's exploration portfolio a review of these projects is underway. It is expected that the Company will make a determination of the future of these projects during the September 2009 Quarter.

### Top Camp / Iron Ridge Project - Matrix Metals Joint Venture (Orion 85%)

The Company's joint venture partner, Matrix went into voluntary administration on 11 November 2008. As at the end of the Quarter, the status of the project required clarification with the administrator of Matrix.

### Peak Hill Gold Project (Orion 85%)

As part of the evaluation of the Company's exploration portfolio a review of this project area is underway with part of the project area relinquished during the Quarter. It is expected that the Company will make a determination of the future of this project area during the September 2009 Quarter.

## Corporate

### Cash and Finance

Cash on hand at the end of the Quarter was \$9.67 million.

### Reinstatement to ASX

On 21 July 2009, the Company's shares were re-instated to trading on the ASX.

### Deed of Company Arrangement

On 16 July 2009, the Company announced that the DOCA had been wholly effectuated and that the Deed Administrator had retired.

### Placement

On 24 June 2009, the Company completed a placement of 580 million fully paid ordinary shares at an issue price of \$0.01 per share to raise \$5.8 million (before expenses).

### Convertible Loan Agreement

On 24 June 2009, the Company received \$4.6 million (before expenses) from Silja in relation to the drawdown of the Second Tranche Note and Third Tranche Note under the terms of the re-negotiated converting loan agreement.

### Shareholder Meeting

A general meeting of shareholders of the Company was held on 12 June 2009. The main purpose of the meeting related to the implementation of the terms of the DOCA. All resolutions put to shareholders at the meeting were passed.

### Change of Name

The Company's name was changed to Orion Gold NL (ASX code: ORN) on 17 June 2009.

## Key Personnel Appointed

With the successful outcome of the shareholder meeting held on 12 June 2009 and the subsequent capital raising, the Company commenced the recruitment of additional key personnel to ensure it has a highly qualified and experienced team to successfully grow the Company.

The Company is pleased to announce that Martin Bouwmeester has been appointed as General Manager - Corporate, Dr. James (Jim) Anderson has been appointed General Manager - Exploration and Sean Cahoon has been appointed Chief Financial Officer.

Martin has 13 years' experience in the gold mining industry and was Business

Development Manager, Chief Financial Officer and Company Secretary of Perseverance Corporation Limited. Martin was a key member of the team that evaluated the sulphide mineralisation at the Fosterville Gold Mine; an initiative that led to the discovery and definition of more than 3 million ounces of gold and the funding for the development of the mine and processing plant to exploit those resources.

Jim is an exploration geologist with 19 years' experience including 12 years in gold exploration. Jim's initial training was in Central Victoria and New South Wales and after completing a PhD (part of which related to the Walhalla goldfield), Jim worked extensively in

Western Australia's goldfields including the last eight years with Tanami Gold NL in the north west of Western Australia. Jim has a strong grounding in structural geology which will greatly assist in the geological interpretation of the controls on mineralisation within the Walhalla Gold Project and in prioritising exploration targets to be drill tested.

Sean has 16 years' financial and commercial experience in the manufacturing and gold mining industries. Sean's most recent role was as Group Financial Controller for Northgate Minerals. Sean is a Certified Practising Accountant.

## Competent Person / JORC Statement

### Competent Person

Technical information in this report is compiled by a Competent Person as defined in the Code being Mr Peter Ball (B.Sc MAusIMM) of Datageo Geological Consultant who holds the position of Technical Manager of Orion Gold NL ("Orion"). Mr Ball has sufficient experience in mineral resource estimation relevant to the style of mineralisation and type of deposit under consideration, and consents to the inclusion in the public release of the matters based on their information in the form and context in which it appears.

### JORC Statement

This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Orion that could cause actual results to differ materially from such statements. Orion makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Orion Gold NL

ABN

76 098 939 274

Quarter ended ("current quarter")

30 June 2009

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	---	4
1.2 Payments for		
(a) exploration and evaluation	(311)	(2,010)
(b) development		
(c) production		
(d) administration	(214)	(1,902)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	19	54
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid		
1.7 Other (provide details if material)	---	12
<b>Net Operating Cash Flows</b>	<b>(512)</b>	<b>(3,848)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets	---	(177)
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)		
	---	(177)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	<b>(512)</b>	<b>(4,025)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(512)	(4,025)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	5,530	5,936
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	4,600	6,000
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)	(82)	---
	<b>Net financing cash flows</b>	<b>10,048</b>	<b>11,936</b>
<b>Net increase (decrease) in cash held</b>			
		9,536	7,911
1.20	Cash at beginning of quarter/year to date	133	1,758
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>9,669</b>	<b>9,669</b>

**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	nil
1.24	Aggregate amount of loans to the parties included in item 1.10	

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

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

+ 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	NIL	NIL
3.2 Credit standby arrangements – Note 1	6,000	6,000

Note 1 -

The converting loan agreement between Silja Investments Limited (“Silja”) and the Company dated 9 September 2008 as varied pursuant to the deed of amendment between Orion and Silja dated 18 June 2009 provided for Silja to provide a total of up to approximately \$6 million in debt funding to the Company by way of the following convertible notes:

- (a) First tranche note - \$1,400,000;
- (b) Second tranche note - \$1,600,000; and
- (c) Third tranche note - \$3,000,000.

The issue of the convertible notes was subject to the satisfaction of a number of conditions precedent, including shareholder approval, which was given at a general meeting of the Company held on 25 November 2008. The first tranche note was issued on that date.

The second tranche note and the third tranche note were issued on 24 June 2009 following the general meeting of shareholders held on 12 June 2009 (“Shareholder Meeting”), at which the shareholders of the Company approved the Capital Raising and the re-negotiated converting loan agreement. A summary of the material terms of the convertible notes was set out in the Notice of General Meeting relating to the Shareholder Meeting.

The convertible notes can be converted to share capital of the Company at the option of the holder and accordingly are considered compound financial instruments.

The component of the convertible notes that exhibits characteristics of a liability is initially recognised as a liability in the balance sheet at the fair value of a similar liability that does not have an equity conversion option and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance (interest) cost.

The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest expense on compound instruments is determined based on the liability component and includes the actual interest paid or payable to holders. There are no dividends associated with the equity component.

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	\$500
4.2 Development	
<b>Total</b>	<b>\$500</b>

+ See chapter 19 for defined terms.

## 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	9,669	133
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>9,669</b>	<b>133</b>

## 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	M52/1038, M52/1039, E52/1727, E52/1621		85%	0%
6.2 Interests in mining tenements acquired or increased				

---

+ See chapter 19 for defined terms.

**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 <b>Partly Paid +securities</b> <i>(description)</i>	2,351,000	Nil	10 cents	0.1 cents
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	744,955,097	744,955,097		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	580,000,000	580,000,000	1 cent	Fully Paid
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(Exercise Price 1 cent, expiry 22 September 2010)</i> <i>(Exercise Price 1 cent, expiry 31 March 2014)</i> <i>(Exercise Price 1 cent, expiry 31 July 2014)</i> <i>(Exercise Price 35 cents, expiry 27 September 2009)</i>	300,000,000  40,000,000  25,000,000  696,000		<i>Exercise price</i>  1 cent  1 cent  1 cent  35 cents	<i>Expiry date</i>  22 September 2010  31 March 2014  31 July 2014  27 September 2009

+ See chapter 19 for defined terms.

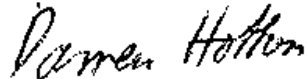
**Appendix 5B**  
**Mining exploration entity quarterly report**

7.8	Issued during quarter (Exercise Price 1 cent, expiry 22 September 2010) (Exercise Price 1 cent, expiry 31 March 2014) (Exercise Price 1 cent, expiry 31 July 2014)	300,000,000  40,000,000  25,000,000		<i>Exercise price</i>  1 cent  1 cent  1 cent	<i>Expiry date</i>  22 September 2010  31 March 2014  31 July 2014
7.9	Exercised during quarter				
7.10	Expired during quarter (Exercise Price 37.5 cents, expiry 30 September 2009) (Exercise Price 35 cents, expiry 9 November 2011)	325,000  75,000		<i>Exercise price</i>  37.5 cents  35 cents	<i>Expiry date</i>  30 September 2009  9 November 2011
7.11	<b>Debentures</b> Three Convertible Notes totalling (see Item 3.2 Note 1)	\$6,000,000			
7.12	<b>Unsecured notes</b> (totals only)				

+ 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 give a true and fair view of the matters disclosed.



Sign here: .....  
(Company secretary)

Date: 31 July 2009

Print name: Darren Hotton

## 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.  
====

---

+ See chapter 19 for defined terms.