



Orion Gold_{NL}

QUARTERLY REPORT

Report on Activities for the Quarter Ending 30 September 2009

Key Points

- A review of historical and recent technical data covering the Walhalla Gold Project has resulted in the identification of high priority targets which will be progressively drill tested.
- A diamond drill program to test these targets is scheduled to commence early November 2009. The drill program will focus on the Cohen's, West 1 and West 2 mineralised structures and comprises approximately 6,500 metres of diamond core.
- The Company's shares were re-instated to trading on the ASX on 21 July 2009 with a name change to Orion Gold NL (ASX code: ORN).
- Deed of Company Arrangement effectuated and retirement of Deed Administrator on 16 July 2009 with full payment of admitted claims of creditors.
- Total cash on hand at the end of the Quarter of \$8.05 million.

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ASX Code: ORN

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Company enquiries:

Denis Waddell Executive Chairman
Martin Bouwmeester General Manager - Corporate

Operations

Walhalla Gold Project (Orion 100%)

During the September 2009 Quarter, the Company continued with a review of geological data and historical mining records relating to the Walhalla Gold Project tenement area. Based upon this review, the Board of Directors adopted a two part strategic plan:

1. Complete a technical review of all data relating to the highly prospective Walhalla Gold Project and determine priority targets to be drill tested.
2. Progress a pre-feasibility study on the current gold resources within the Walhalla Gold Project.

Based upon the data from 130 years of exploration and mining activities including the previous work completed by Orion Gold, the Company has identified a number of highly prospective targets where additional resources may occur. It is on these areas that the initial drill program will focus with the aim of establishing a near surface resource.

The numerous historic workings within the Walhalla Gold Project area are generally aligned in a linear, roughly north-south trending fashion. These 'lines of mineralisation' have been exploited and or explored for over 100 years and provide the Company with a ready window where new resources may be discovered.

The Company considers both the Cohen's and the Ross Creek Lines of mineralisation (see figure 2) to be highly prospective given the significant historic production (approximately 1.5 million ounces) and recovered grade (>1 ounce of gold per tonne) from the Cohen's Line. In addition, there are numerous untested drill targets along the West 1 and West 2 Lines which are located in close proximity to the workings along the Cohen's Line. The Company's existing resources at Tubal Cain and Eureka are located along the Ross Creek Line (RCL) which trends parallel to, but approximately two kilometres east of, the Cohen's Line. Given the numerous historic workings along the RCL, some with significant production, this line of mineralisation is also considered highly prospective.

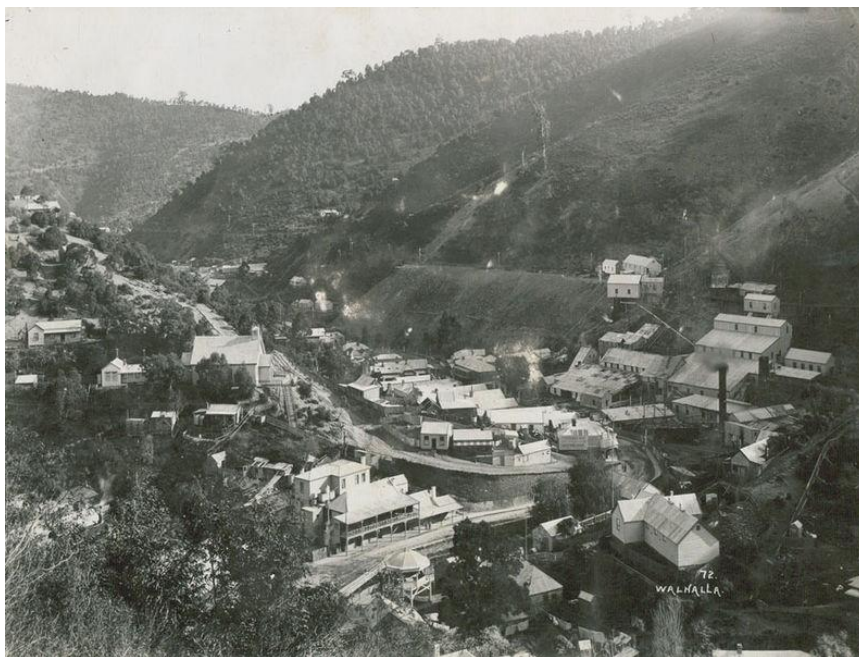


FIGURE 1 Walhalla Township 1910 – source www.wikipedia.org

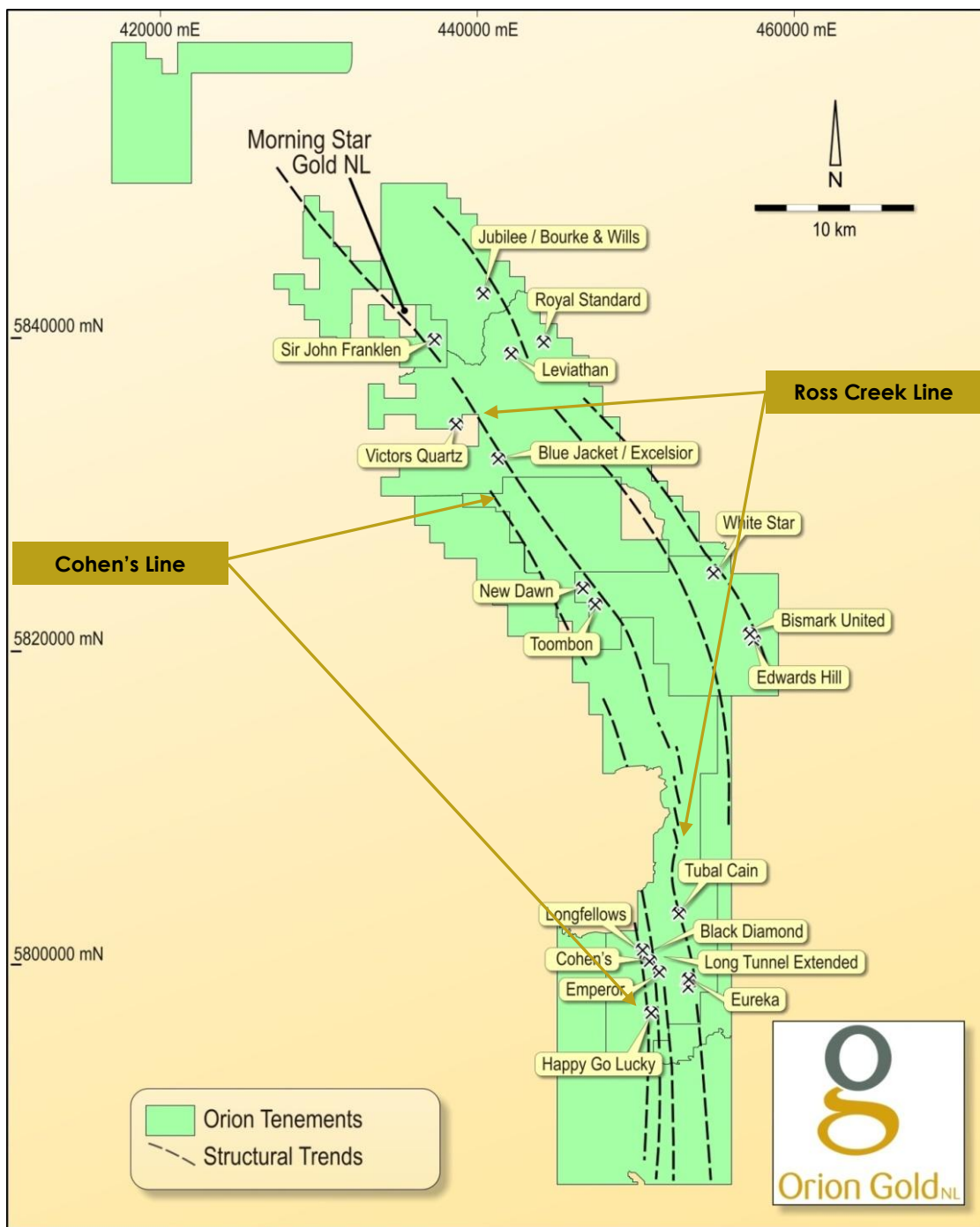


FIGURE 2 Walhalla Gold Project Tenement Holdings

Given the prospective locations identified, the Company is currently planning a drill program along the Cohen's Line and the West 1 and West 2 Lines of mineralisation which is scheduled to commence during the December 2009 Quarter.

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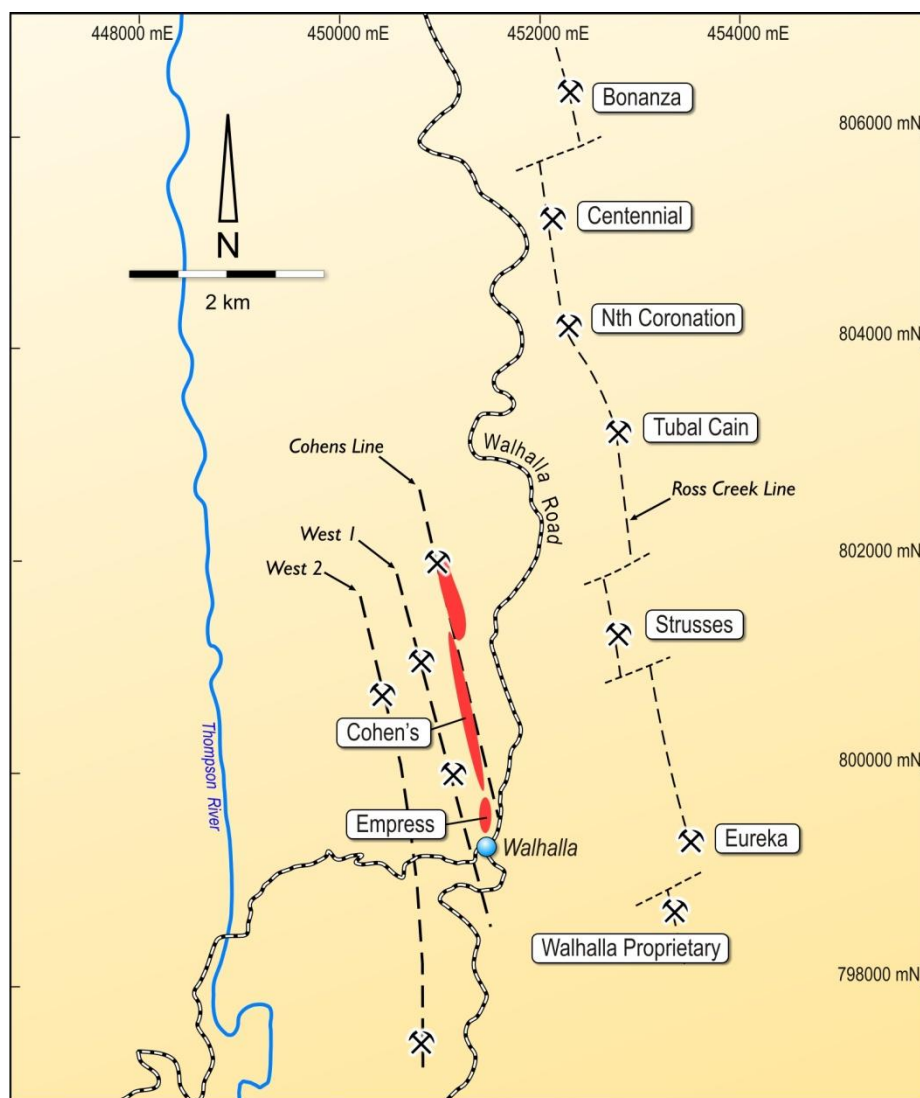


FIGURE 3: Outline of established lines of mineralisation in the immediate Walhalla area. Approximate area of workings on Cohen's reef is shown in red. Numerous other mine names and locations are not included.

The Company has adopted a staged exploration approach based upon the systematic testing of various targets. Initial drilling will focus on shallower targets, and over time will move to progressively deeper targets. Priority will be given to delineating resources near surface. Should this staged approach prove successful and near surface resources developed, the Company will be better placed to drill test numerous deeper targets (See figure 4).

Exploration Programs

Although the Company considers its entire Walhalla Gold Project tenement package (730km²) to be prospective due to the numerous workings and the historic production in the area, the Company has decided to focus its initial exploration program on an area within a ten kilometre radius of the historic mines located on the Cohen's Line which is referred to as the 'proximal area'.

Within the 'proximal area' of focus there are two stand-out target areas, as set out below, based upon the first-pass prospectivity and metallogeny review.

1. **The Cohen's target area**, covering the West 1, West 2 and Cohen's mineralised trends in the country west of the Walhalla township.

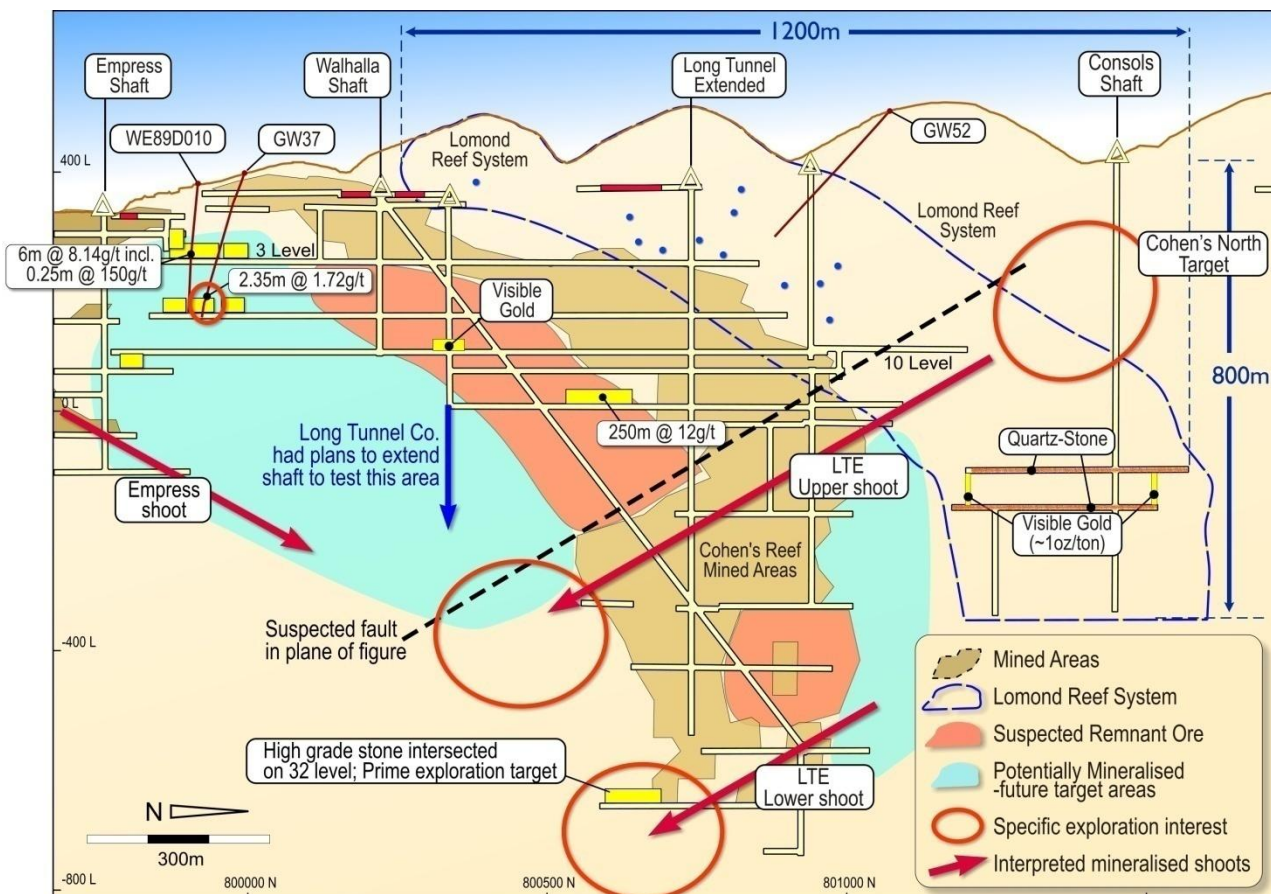


FIGURE 4: Cohen's-Empress long section illustrating potential exploration targets.

This figure illustrates the large number of possible exploration targets. Areas shown in pink are regarded as potential blocks of remnant ore which require further drill testing to confirm. The blue panels are zones considered to be prospective with the red circles denoting areas of specific interest. The large red arrows indicate interpreted mineralised shoots. The black dashed line is an interpreted fault within the plane of the diagram.

The Cohen's reef system (mined late 1800s to early 1900s) is Victoria's highest single producing reef system, with production of ~1.5 Million ounces at a head grade approaching 40 g/t Au. After approximately 40 years of mining many basic features of the system remain unknown or poorly defined, providing much scope for successful exploration. The high probability of remnant resources, the likelihood of discovery of extensions to known lodes and wholly new lodes, and unexploited 'stockwork' style mineralisation means that the chances of a significant resource being delineated based upon the Cohen's reef system is regarded as very good.

Given the historical production at Cohen's, the other nearby lines of mineralisation (West 1 and West 2) have been subject to minimal exploration and therefore the potential for near surface ore being delineated along both trends is considered high. This potential will be tested in the initial drill program planned to commence in the December 2009 Quarter.

The gold endowment of the West 1 and West 2 structures has the potential to be similar to that of the main Cohen's structure, especially as cross-sections by the likes of Herman (1901) and Baragwanath (1918) interpret West 1 and West 2 as splays from the major reverse fault that constitutes Cohen's reef. Based on this interpretation, West 1, West 2 and Cohen's appear to be part of the same mineralised system. (See figure 5)

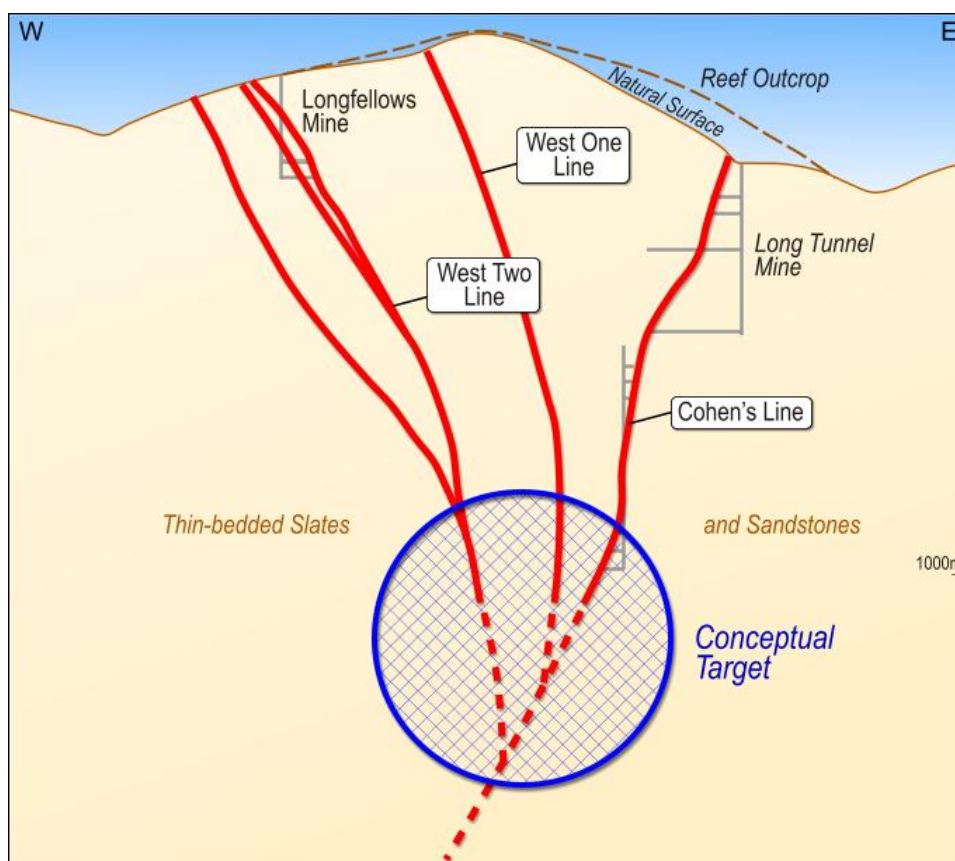


Figure 5: Cohen's Deeps Cross Section (modified after Herman, 1901)

2. **The Ross Creek Line target area** (RCL) (see figure 2) located includes the string of prospects (north to south) Shamrock – Bonanza – Centennial - North Coronation -Tubal Cain - Strusses – Eureka - Walhalla Proprietary.

Geologically, the mineralisation established to date along the RCL is different in style to that of the Cohen's area, largely being examples of the region's classic 'ladder reefs' formed within dyke bulges. The dyke-hosted nature has a number of ramifications on metallogeny and endowment:

- The individual 'reefs' or 'floors' are stacked vertically, and the spacing between them varies from 5 to 50 metres.
- The quartz reefs are constrained by the host dyke. Individual reefs may traverse across the entire dyke contact into the surrounding wall rock. There does not appear to be a clear relationship between overall dyke volume and gold endowment – the biggest dyke (Morning Star) is the biggest producer (of this style of mineralisation), however, the second biggest producer (the A1) is situated in one of the smaller dyke bulges.
- Completion of the pre-feasibility study on the Tubal Cain and Eureka deposits will assist in determining the economics of such deposits and what future work should be undertaken by the Company.

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Given the potential for larger scale deposits being discovered along the Cohen's Line, West 1 and West 2 Lines, the Company has elected to prioritise drill testing of targets in the Cohen's area aimed at establishing a near surface resource base which will support the development of a mining operation in the short to medium term.

Initial Drill Program

Following geological assessment and prioritisation of the numerous drill targets, the Company will initially focus on the shallower targets around the Cohen's area. The proposed drilling program comprises 16 diamond drill holes totalling approximately 6,500 metres of diamond drilling.

The position of the various mineralised trends and the target locations is shown in figure 6.

The aim of the drill program is to:

- Confirm the continuity of mineralisation along the West 1 Trend by drill testing the Meulemans – Kleins - Black Diamond - Overseas Option - New North Long Tunnel series of workings.
- Test potential extensions of Cohen's Reef (see figures 4 and 6). A priority exploration target has been identified in the northern part of Cohen's that will be drilled from surface as part of the West 1 program. The target area is the northern (up plunge) extension of the interpreted upper shoot that was mined by the Long Tunnel Extended Company. If this shoot continues northwards into the North Long Tunnel ground, a large block of unexploited ore may exist relatively close to the surface.

The program will aim to illustrate the continuity of mineralisation along the West 1 trend and possible parallel structures leading to the development of high grade near surface resources based upon continuous, planar, laminated reef mineralisation that is interpreted to be a splay from the main Cohen's Line of mineralisation.

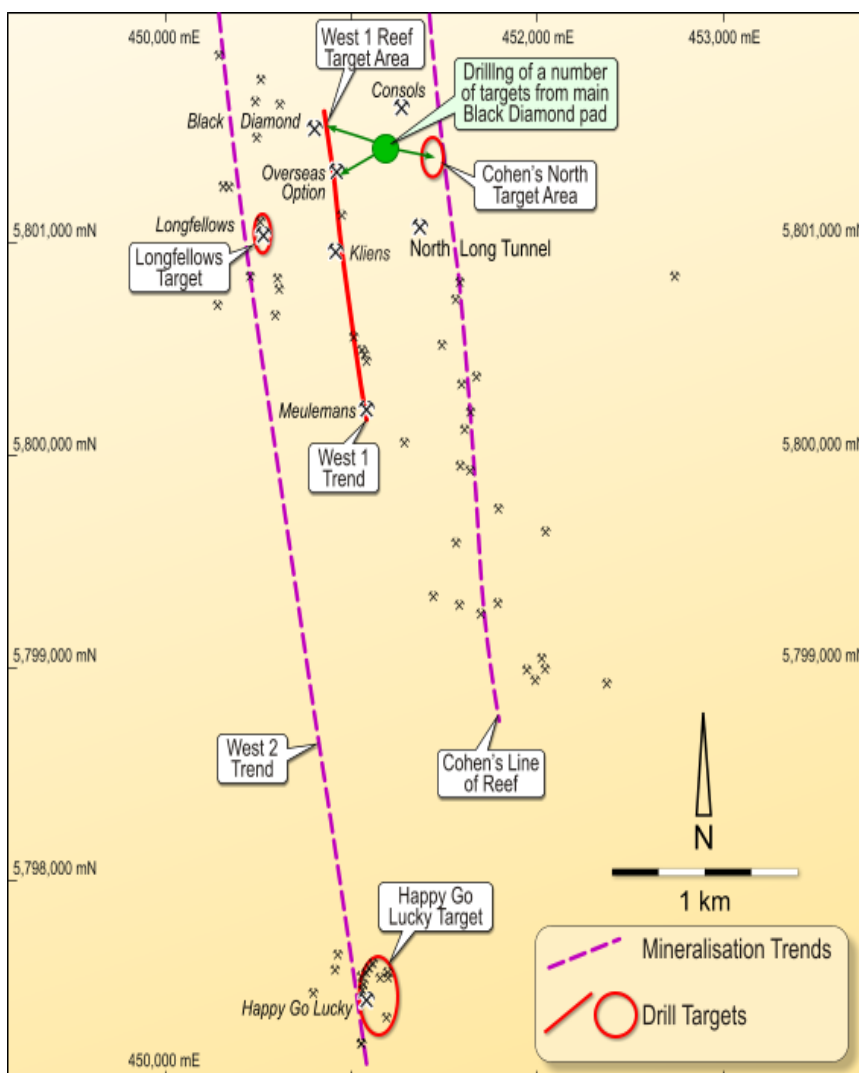


Figure 6: Drill Targets Map outlining the position of mineralised trends in the Cohen's area and the location of drill targets.

A summary of the proposed initial drill program is shown below.

Area	Target	No. holes	Meterage	Aim
West 1	Meulemans to New North Long Tunnel	10	4,000m	Establishing continuity of reef mineralisation over ~900m strike length
Cohen's	Up-plunge extension of LTE Co. high grade shoot	2	1,200m	Establish continuation/presence of mineralisation
West 2	Longfellows	2	800m	Establish nature of reef at depth
West 2	Happy-Go-Lucky	2	500m	Establish nature of reef at depth
			6,500m	

Potential Other Targets

1. Cohen's Deeps - There are numerous highly prospective deeper targets below and along strike of the Cohen's historical workings (see figures 4 and 5).
2. Empress Shoot - There is potential for a large near surface block of ore in the upper part of the Empress shoot (between 3 and 6 level), in the vicinity of Drill hole GW37.
3. West 2 Line - This line of mineralisation is geologically a little different to Cohen's and West 1 as the mineralisation is intimately related to a series of thin dykes. The presence of closely aligned sets of workings (eg Longfellows - Hope - Idaho) suggests a strong structural control akin to West 1 and a similar resource delineation approach is warranted.

Walhalla Gold Project - Regional

The Company has completed an initial overview assessment of the Walhalla Gold Project regional exploration area and a more detailed assessment is currently underway. Drilling proposals and work plans are currently being prepared for areas considered to be highly prospective.

Other Projects

The Company has completed an initial overview assessment of the Walhalla Gold Project regional exploration area and a more detailed assessment is currently underway. Drilling proposals and work plans are currently being prepared for areas considered to be highly prospective.

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

The Company has determined that the Millrose and Millrose West Projects do not form part of its long term strategy. The tenements are expected to be relinquished during the December 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 tenements remained in good standing whilst the Administration process continued.

Peak Hill Gold Project (Orion 85%)

As part of the evaluation of the Company's exploration portfolio a review of this project area was completed during the Quarter. In addition to the tenements relinquished during the June 2009 Quarter, the remaining tenements in this project are in the process of being transferred to Orion's original joint venture partner.

Corporate

Cash and Finance

Cash on hand at the end of the Quarter was \$8.05 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

The Company announced on 3 September 2009 the issue of a Prospectus to invite shareholders of the Company to apply for a total of 20 million shares at an issue price of \$0.01 per share payable in full on application, to raise \$0.2 million (before expenses) and on 25 September 2009, the Company completed that placement.

Options

The Company announced on 25 August 2009 the issue of 20 million unlisted options exercisable at \$0.01 expiring 31 March 2014 to Mr. Martin Bouwmeester as approved by shareholders on 12 June 2009.

Appointment of Company Secretary

On 23 September 2009, the Company announced that in addition to his role as General Manager – Corporate, Mr. Martin Bouwmeester was appointed as Company Secretary of Orion and its subsidiaries. The Company also announced that in addition to his role as Chief Financial Officer, Mr. Sean Cahoon was appointed Assistant Company Secretary of Orion and its subsidiaries.

Annual Financial Report – June 2009

The operating loss after income tax of Orion Gold NL and its wholly owned subsidiary for the year ended 30 June 2009 was \$32.6 million. The result was driven primarily by the impairment of plant and equipment and deferred exploration and development expenditure.

Annual General Meeting

The Annual General Meeting of shareholders of the Company is scheduled to be held on 26 November 2009 at RACV City Club, 501 Bourke Street Melbourne commencing at 2:00pm.

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 September 2009

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 and evaluation	(247)	(247)
(b) development	---	---
(c) production	---	---
(d) administration	(1,637)	(1,637)
1.3 Dividends received	---	---
1.4 Interest and other items of a similar nature received	36	36
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	(1,848)	(1,848)

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	---	---
(b) equity investments	---	---
(c) other fixed assets	34	34
1.10 Loans to other entities	---	---
1.11 Loans repaid by other entities	---	---
1.12 Other (provide details if material)	18	18
Net investing cash flows	52	52
1.13 Total operating and investing cash flows (carried forward)	(1,796)	(1,796)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,796)	(1,796)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	200	200
1.15	Proceeds from sale of forfeited shares	---	---
1.16	Proceeds from borrowings	---	---
1.17	Repayment of borrowings	(2)	(2)
1.18	Dividends paid	---	---
1.19	Other (provide details if material)	(22)	(22)
	Net financing cash flows	176	176
Net increase (decrease) in cash held		(1,620)	(1,620)
1.20	Cash at beginning of quarter/year to date	9,669	9,669
1.21	Exchange rate adjustments to item 1.20	---	---
1.22	Cash at end of quarter	8,049	8,049

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	196
1.24	Aggregate amount of loans to the parties included in item 1.10	---

1.25 Explanation necessary for an understanding of the transactions

Director fees payable \$196,000

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

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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 – Note 1	6,000	6,000

Note 1 -

The converting loan agreement between Silja Investment Limited and the Company dated 9 September 2008, provided for Silja Investment Limited to provide a total of up to \$6 million in funding to the Company by way of the following convertible notes:

- First tranche note - \$1,400,000;
- Second tranche note - \$1,600,000; and
- 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, and the second and third tranche notes were issued on 24 June 2009. As a result of the issue of convertible notes and in accordance with the converting loan agreement, the holder of the convertible notes, Silja Investment Limited, has a fixed and floating charge over the assets of the Company.

The convertible notes issued to Silja Investment Limited comprise a liability component and a conversion option at the hands of Silja investment Limited.

The liability component of the convertible notes accrues interest at 9% per annum (compounding annually) and are due to be repaid as at 31 August 2013 (if not converted earlier). The liability component balance of the convertible note will be accreted up to the face value over the life of the convertible note under the effective interest method.

The conversion option in the convertible note allows the holder to convert the outstanding principal and accrued interest balance at any point in time at a conversion rate of 1 share for the lower of:

- i) \$0.10 (i.e. the shares will have an issue price of \$0.10 each); and
- ii) The lowest price at which the Company issue any new shares prior 31 August 2013.

Prior to maturity on 31 August 2013, the holder is only able to convert the outstanding amount to shares in the Company. The holder does not have a right to demand cash to settle the outstanding amount prior to this date. On the third anniversary of the convertible note drawdown, the Company is able to offer to settle the outstanding amount in cash. However, the holder is able to demand settlement in shares at that point in time. The holder may redeem the convertible notes for cash at the maturity date.

The convertible notes accrue interest at 9% per annum (compounding quarterly) and are due to be repaid as at 31 August 2013 (if not converted earlier). The interest is accumulated and is capitalised on each interest payment date and will then form part of the outstanding monies.

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Appendix 5B
Mining exploration entity quarterly report

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	\$850
4.2	Development	---
Total		\$850

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	8,049	9,668
5.2	Deposits at call	---	---
5.3	Bank overdraft	---	---
5.4	Other (provide details)	---	---
Total: cash at end of quarter (item 1.22)		8,049	9,668

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	EL5041, EL5078	Surrender	100%	0%
6.2	Interests in mining tenements acquired or increased				

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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 Partly Paid +securities <i>(description)</i>	2,351,000	---	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 +Ordinary securities	764,960,097	764,960,097	---	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,000,000	20,000,000	1 cent	Fully Paid
7.5 +Convertible debt securities <i>(description)</i>	---	---	---	---
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	---	---	---	---
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
	300,000,000	---	1 cent	<i>22 September 2010</i>
	60,000,000	---	1 cent	<i>31 March 2014</i>
	25,000,000	---	1 cent	<i>31 July 2014</i>
7.8 Issued during quarter			<i>Exercise price</i>	<i>Expiry date</i>
	25,000,000	---	1 cent	<i>31 March 2014</i>

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Appendix 5B
Mining exploration entity quarterly report


7.9	Exercised during quarter	---	---	---	---
7.10	Expired during quarter	696,000	---	<i>Exercise price</i> 35 cents	<i>Expiry date</i> 27 September 2009
7.11	Debentures <i>Three Convertible Notes totalling (see Item 3.2 Note 1)</i>	\$6,000,000	---		
7.12	Unsecured notes (<i>totals only</i>)	---	---		

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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: 22 October 2009
Executive Chairman
Print name: Denis Waddell

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.

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