



30 September 2009

QUARTERLY REPORT TO 31 AUGUST 2009

ORION METALS LTD

(previously named Queensland Gold & Minerals Ltd)

ASX Code : ORM

Issued Capital (31/08/2009):

14,954,810 Shares issued

14,954,810 Shares listed

500,000 Unlisted Broker Options (options
escrowed if exercised)

545 shareholders

Top 20 shareholders:-

Hold 67 % of Listed Shares

Directors:

Mr David Barwick – *Chairman*

Mr Andrew Gillies- *Director*

Mr Adrian Day- *Director*

Mr Theo Psaros – *CFO/Company Secretary*

Largest Shareholders:

Angus & Ross plc 24.48%

Metallica Minerals Ltd 12.85%

Nedex Pty Ltd 5.73%

Cash Balance

As at 31 August 2009, QGM's cash balance was
approx \$0.05 million.

SUMMARY

- The joint venture partner, Newmont Exploration Pty Limited, continued exploration on the Malcolm Creek gold project with favourable results.
- The Company has deferred exploration activity on its other tenements in the Cloncurry, Georgetown and Stanthorpe districts.
- The Company is currently assessing other resource and gold project opportunities.
- The Annual General Meeting of the Company was held on 30 July 2009 and the shareholders ratified the proposals for change of name to Orion Metals Limited (ASX: ORM) , consolidation of capital on a 1 for 4 basis and the conversion of the Loan from Metallica Minerals Limited (ASX: MLM) of \$292,231 to Convertible Notes.
- Subsequent to 31 August 2009, on 18 September 2009 MLM converted its Convertible Notes to 9,741,033 ordinary shares to the value of \$292,231. The total number of issued shares following this conversion is 24,695,843 and at 30 September 2009, MLM holds 47% of ORM's issued capital.

MALCOLM CREEK – Gold Project (80 km south Georgetown)

- **Malcolm Ck (EPM 14231, EPMA 17739) – Gold bearing breccias, porphyry and quartz vein swarms similar style to the Kidston gold deposit.**

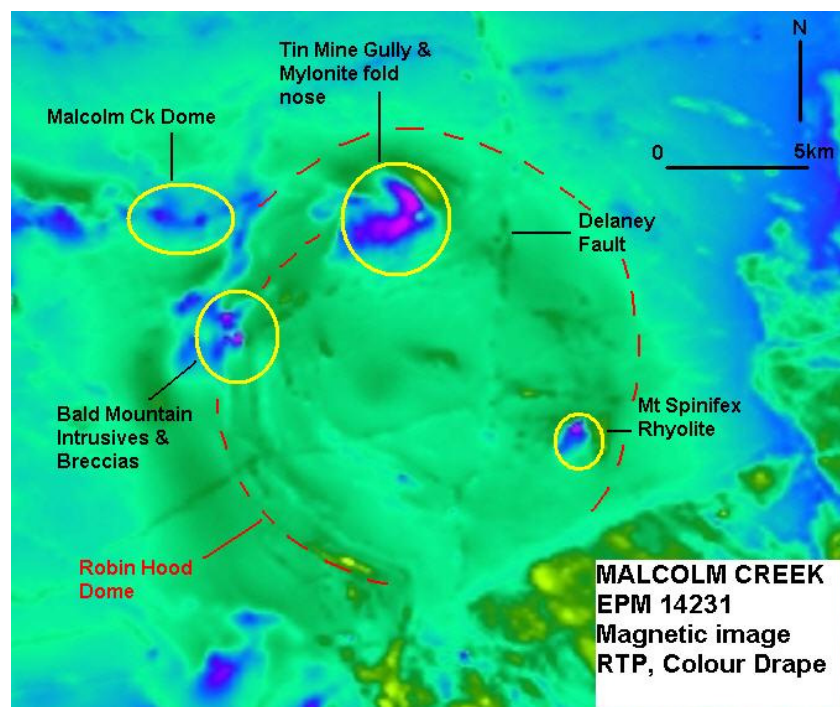
Under the joint venture agreement with **Newmont Exploration Pty Ltd** to fund further exploration on the Malcolm Creek project, Newmont will conduct a minimum initial \$250,000 exploration program within one year of signing the Farm-in Agreement, which will form part of the earn-in expenditure of up to \$2 million to earn an interest of up to 70% over four years. ORM retains the right to contribute in proportion to its equity at decision points of 51%: 49%, 60%: 40%, and 70%: 30%. If ORM fails to contribute at these equity positions, Newmont may then spend an additional \$1 million for a cumulative expenditure of \$3 million to earn equity of 80%.

Newmont's continuing fieldwork has included collection of soil and rock chip samples that have confirmed areas of anomalous gold.

On the Bald Mountain site historic IP recordings and magnetic data were reprocessed resulting in the identification of a coincident chargeability anomaly and surface geochemical response. The latter is expressed as a ring-shaped anomaly of significant magnitude to warrant a planned 3D pole-dipole IP survey to assist in targeting drilling.

At the Malcolm Creek project area NW-SE trending anomalies identified in the magnetics are to be further investigated by IP geophysics.

In the Tin Mine Gully area further BLEG samples are to be taken to ascertain the extent of gold anomalism in that system, while disappointing results of soil sampling on Malcolm Creek West has downgraded the potential of that section of the EPM.



BUCHANANS CREEK PROJECT (40 kilometres southwest of Georgetown)

- **Buchanan's Creek (EPMs 13271, 13694, 14224, EPMA 14988) - Rare metal (tantalum-niobium-tin-lithium) in greisens and pegmatites with affinities to Greenbushes and Wodgina.**

Bulk testing for tantalum, niobium, tin, and gold is planned for the 2009 season following the granting of Mining Lease No. 30208 at **Grant's Gully**, now that agreements with landowners and traditional owners have been concluded.

Reconnaissance follow-up of regional geochemical sampling programmes is planned to continue especially in the vicinity of four tantalum, tin and lithium bearing pegmatite bodies in the **Buchanan's Creek** area that produced encouraging drilling results in 2007.

EVELEIGH (60 kilometres east of Georgetown)

Follow-up field work failed to enhance the prospectivity of this project so the Permit will be surrendered on its anniversary.

SUNDOWN (30 kilometres southwest of Stanthorpe)

- **Sundown (EPM 16961) - Tin-bearing quartz vein stockworks that might represent a bulk low grade open pit tin operation.**

Sundown is a tin-bearing zone of alteration covering some 2 square kilometres. Extensive previous exploration data from the early 1980s programmes by BHP and Shell was converted to a computerized GIS format preparatory to further assessment. Collation of data from these previous workers and its interpretation continues.

PROPOSED WORK PROGRAMMES TO 30 NOVEMBER 2009

The following exploration programmes have been prepared, subject to sufficient funding being available:

- Malcolm Creek (Newmont Exploration Ltd earning in) – Detailed sampling and geophysical survey by the joint venture partner prior to selection of drilling targets.
- Grant's Gully & Buchanan's Creek – Refurbishment of test plant for bulk testing in 2010.
- Sundown – Data compilation and assessment.

CORPORATE

The Annual General Meeting of the Company was held on 30 July 2009 and the shareholders ratified the proposals for change of name to Orion Metals Limited, consolidation of capital on a 1 for 4 basis and the conversion of the Loan from Metallica Minerals Limited of \$292,231 to Convertible Notes.

Adrian Day
Director
Orion Metals Limited
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In accordance with Listing Rules 5.12 and 5.1 of the Australian Stock Exchange Limited, technical information contained in this report has also been compiled by Mr. Adrian Day BSc (Geol), MAIG, MSEG, MGSA and Queensland Gold and Minerals Ltd, Exploration Manager, Mr John Nethery B.Sc (Geol), Dip Education, CP (Geo), Fellow AusIMM, FAIG, FSEG, MGSA who are competent persons and members of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Mr Day and Mr Nethery have relevant experience to the mineralisation being reported on to qualify as Competent Persons as defined by the Australasian Code for Reporting of Minerals Resources and Reserves. Mr Day and Mr Nethery consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Tenement Details as at 31 August 2009

<i>Tenement</i>	<i>Project Name</i>	<i>Registered Holder</i>	<i>Status</i>	<i>Date of Grant</i>	<i>Number of Sub-Blocks</i>	<i>Commodity</i>	<i>Minimum Expenditure</i>
EPM 13694	Grants Gully	QGM 100%	Granted & renewed	3/12/2002	12	Tantalum Gold, Tin	\$75,000
EPM 14988	Grants Gully	QGM 100%	Appl'n (07/02/05)		5	Tantalum Gold, Tin	\$20,000
EPM 14231	Malcolm Creek	F H Skerritt 50% S B Terry 50%	Granted	26/8/2004	17	Gold	\$50,000
EPM 16961	Sundown	QGM 100%	Granted	11/2/2009	16	Tin	\$85,000
EPMA 17739	Malcolm Creek	F H Skerritt 50% S B Terry 50%	Appl'n (25/07/08)		49	Gold	\$50,000
Mining Lease	Project Name	Registered Holder	Status	Date of Grant	Area hectares	Commodity	Minimum Expenditure
ML 2764	Top Camp	QGM 100%	Granted		103	Gold	N/A
ML 2785	Top Camp	QGM 100%	Granted		129.2	Copper	
ML 2786	Top Camp	QGM 100%	Granted		70		
ML 2792	Top Camp	QGM 100%	Granted		105		
ML 3311	Grants Gully	QGM 100%	Granted		8.09	Tantalum	N/A
ML 30123		QGM 100%	Granted		3.09	Gold, Tin	
MLA 30208		QGM 100%	Application		84.91		
ML 1035	Rutherfords Table	QGM 100%	Granted		32.36	Gold	N/A
ML 1060		QGM 100%	Granted		211.7		