



18 December 2009

QUARTERLY REPORT TO 30 NOVEMBER 2009

ORION METALS LTD

(previously named Queensland Gold & Minerals Ltd)

ASX Code : ORM

Issued Capital (30/11/2009):

24,720,844 Shares issued

24,720,844 Shares listed

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

545 shareholders

Top 20 shareholders:-

Hold 81 % of Listed Shares

Directors:

Mr David Barwick – *Chairman*

Mr Andrew Gillies- *Director*

Mr Adrian Day- *Director*

Mr Theo Psaros – *Company Secretary*

Largest Shareholders:

Metallica Minerals Ltd 47%

Angus & Ross plc 15%

Nedex Pty Ltd 3%

Cash Balance

As at 30 November 2009, ORM's cash balance
was approx \$0.02 million.

SUMMARY

- **Joint venture partner, Newmont Exploration Pty Limited, continued exploration on the Malcolm Creek gold project in North Queensland.**
- **The Company has deferred exploration activity on its other tenements in the Cloncurry, Georgetown and Stanthorpe districts.**
- **A new Exploration Permit has been applied for on a potential rare earth project in in North Queensland.**
- **The Company is currently assessing other resource and gold project opportunities.**

MALCOLM CREEK GOLD PROJECT – (80 km south Georgetown)

- **Malcolm Ck (EPM 14231, EPMA 17739) – Gold bearing breccias, porphyry and quartz vein swarms similar 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 continued fieldwork including rock chip sampling of features associated with the Bald Mountain Complex and the adjacent Kimberley Sue Maar Complex – See Figure 1, with generally disappointing gold results. However a 1km strike length anomaly with elevated Ag, Zn, Mo, Sb and As values on the SW margin will be further investigated by more detailed mapping and sampling.

A 3D pole-dipole IP and resistivity survey was completed on Bald Mountain. The resistivity results show high values on the eastern side of the prospect which are interpreted to be rhyolite intrusives, while on the western side highly conductive zones are interpreted to be maar fill within the Kimberley Sue Complex.

The IP results show two zones of anomalously high chargeability, one which underlies the eastern side of a ring shaped Au in soil anomaly and another following the South Eastern margin of the Kimberley Sue Maar complex. A reconnaissance IP line was completed across the southern rim of the complex and shows a high chargeability zone underneath the rim. The anomaly appears to be on the trend of the chargeability anomaly identified in the 3D survey at Bald Mountain.

At the Malcolm Creek project area a reconnaissance pole-dipole IP line across the geochemically anomalous Malcolm Creek ridge proved disappointing, the response interpreted to be from graphitic shales.

Field work will be curtailed for the next quarter due to the expected wet season and will commence in the 2nd Quarter 2010.

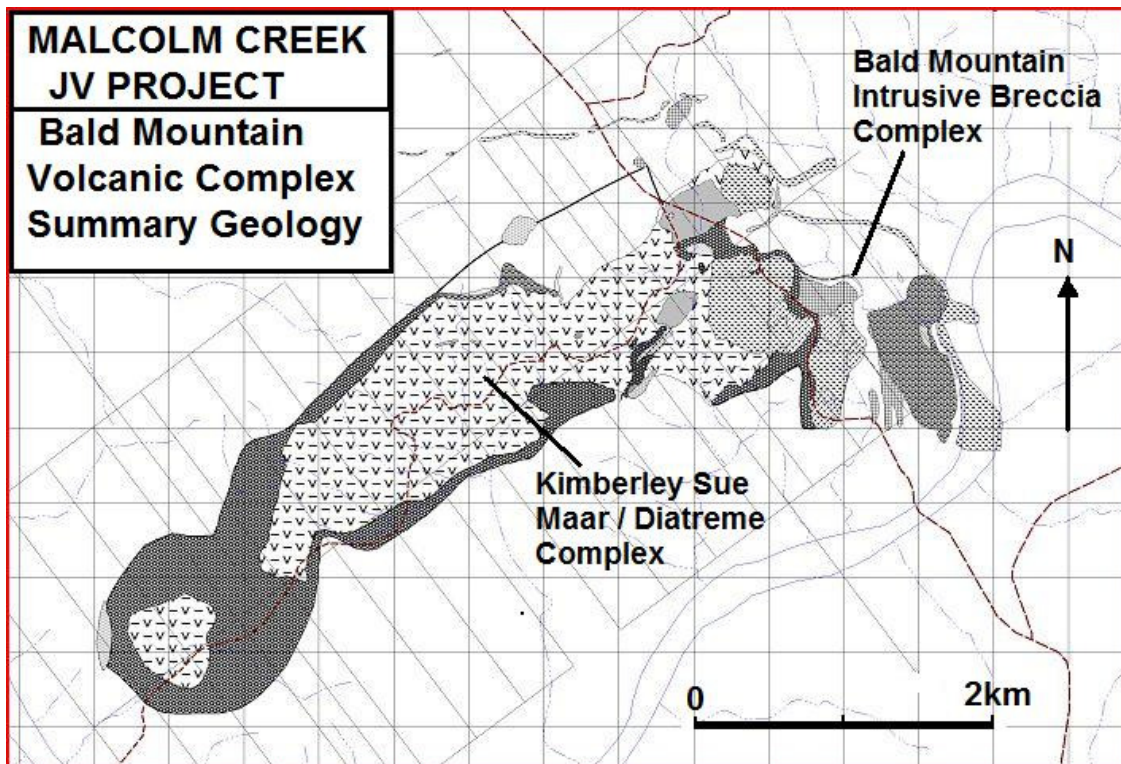


Figure 1

BUCHANANS CREEK PROJECT (40 kilometres southwest of Georgetown)

- **Buchanan's Creek (EPM 13694 & EPMA 14988, MLs 3311, 30123 & MLA 30208) - Rare metal (tantalum-niobium-tin-lithium) in greisens and pegmatites with affinities to Greenbushes and Wodgina.**

On 27 October an offer of purchase from Artemis Resources Ltd was received for the tenure package on the Ta-Li project at Georgetown. The terms of the purchase are:-

- Payment of a non-refundable deposit of \$25,000;
- A 45 day exclusive due diligence period;
- Payment to ORM of \$200,000 cash and \$225,000 in Artemis shares.

At the end of the quarter Artemis was conducting its due diligence process.

FULFORD CREEK (65 kilometres south-south-west of Chillagoe)

- **Fulford Creek (EPMA 18331) – Alluvial tin and associated heavy minerals as a potential source of rare earth elements (REE).**

Application has been made for a large section of drainage shedding off radiogenic granites in Nth Qld. The area has past alluvial tin production from creeks renowned for their high content of heavy minerals. ORM intends sampling these alluvial accumulations to assess their tin, monazite, zircon and xenotime content.

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 28 FEBRUARY 2010

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

- Malcolm Creek (Newmont Exploration Ltd earning in, ORM currently being free carried) – Compilation of all field data prior to selection of drilling targets.
- Grant's Gully & Buchanan's Creek – Finalisation of possible purchase of the project by Artemis Resources Ltd.
- Sundown tin project – Data compilation and assessment.
- Generation of new projects, particularly gold and rare earth elements.

CORPORATE

In November, ORM signed an option to purchase agreement on its 100% owned Grant's Gully-Buchanan's Creek tantalum (Ta) –lithium (Li) project south of Georgetown with Artemis Resources Ltd (ASX:ARV). Artemis has paid ORM a non-refundable deposit/option fee of \$25,000, which entitles Artemis to exclusivity for a period of 45 days in order to carry out due diligence on the project. On completion, if Artemis elects to purchase, Artemis will pay a further \$425,000, of which \$200,000 shall be paid in cash and the remaining \$225,000 in Artemis shares. In return, Orion shall transfer to Artemis or its nominee 100% of the Project.

The Grant's-Buchanan's project comprises 3 mining leases and 2 exploration permits, and as previously announced ORM was seeking participation by another party in the Grant's Gully - Buchanan's Creek tantalum Ta-Li project which comprises Mining Leases (ML) 3311, 30123, and 30208 and Exploration Permits (EPM) 13694 and 14988 and all successor and related licences and licence applications and mining information. These funds will allow ORM to advance its other gold projects and to seek new opportunities in the resource sector.

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 Orion Metals Ltd Director, Mr. Adrian Day BSc (Geol), MAIG, MSEG, MGSA and 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 30 November 2009

Tenement	Project Name	Registered Holder	Status	Date of Grant	Number of Sub-Blocks	Commodity	Minimum Expenditure
EPM 13694	Grants Gully	ORM 100%	Granted & renewed	3/12/2002	12	Tantalum Gold, Tin	\$75,000
EPM 14988	Grants Gully	ORM 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	ORM 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
EPMA 18331	Fulford Creek	ORM 100%	Appl'n (9/10/09)		42	Tin Gold REE	\$50,000
Mining Lease	Project Name	Registered Holder	Status	Date of Grant	Area hectares	Commodity	Minimum Expenditure
ML 2764	Top Camp	ORM 100%	Granted		103	Gold	N/A
ML 2785	Top Camp	ORM 100%	Granted		129.2	Copper	
ML 2786	Top Camp	ORM 100%	Granted		70		
ML 2792	Top Camp	ORM 100%	Granted		105		
ML 3311	Grants Gully	ORM 100%	Granted		8.09	Tantalum	N/A
ML 30123		ORM 100%	Granted		3.09	Gold, Tin	
MLA 30208		ORM 100%	Application		84.91		
ML 1035	Rutherfords Table	ORM 100%	Granted		32.36	Gold	N/A
ML 1060		ORM 100%	Granted		211.7		