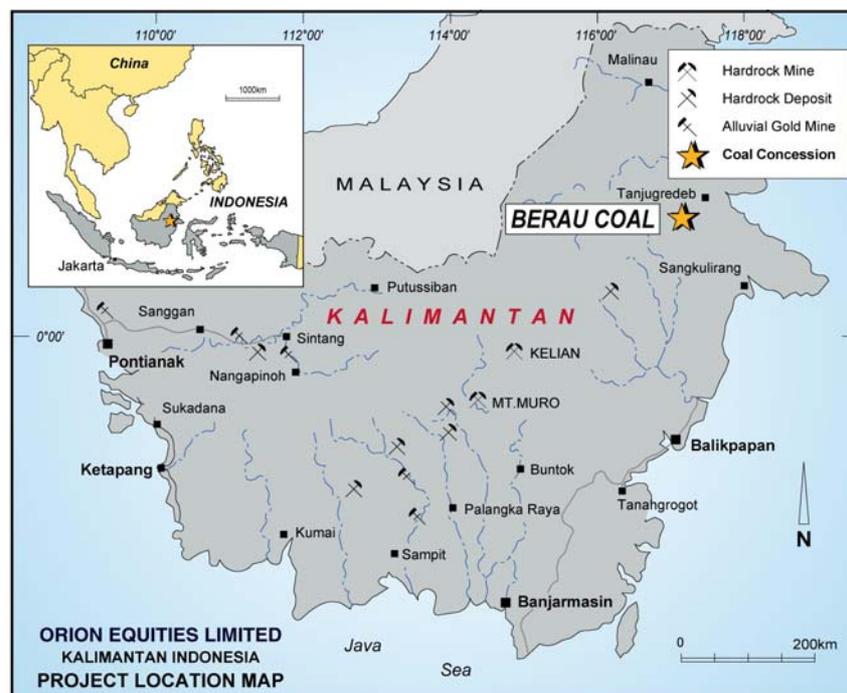


MARKET ANNOUNCEMENT

JORC Inferred Coal Resource of 4.6Mt at Berau Project

Executive Summary

- The Berau Thermal Coal Project comprises a 5,000 hectare concession located in north-east Kalimantan, Indonesia, held 70% by Orion and 30% by ASX listed Strike Resources Limited (SRK) (the JV).
- Recent drilling confirms that the concession contains a **JORC Code compliant Inferred Resource of 4.6 million tonnes** of thermal sub-bituminous coal of calorific value 5,800 kcal/kg with low ash & sulphur content.
- The coal is ideally suitable for use as a fuel for power utilities in both domestic and international market places; coal of comparable quality is currently selling FOB Indonesia for approximately US\$90 – \$100 per tonne.
- A low-cost strip mining operation is planned of 500,000 tonnes per annum initially, commencing in 2009, and increasing to 1 million tonnes per annum. The coal will be trucked and/or barged to the coast for sale.
- Orion is in discussions with a number of parties regarding a possible sale of its interest in this project.



www.orionequities.com.au

ASX Code: OEQ



ORION EQUITIES LIMITED

A.B.N. 77 000 742 843

Level 14, 221 St Georges Terrace, Perth WA 6000
T | + 61 8 9214 9797 F | + 61 8 9322 1515

E | info@orionequities.com.au

Introduction

The project is located approximately 40 kilometres south-west of Tanjungredeb (Berau) and approximately 350 kilometres north of Balikpapan (the capital city of East Kalimantan).

The JV is pleased to report that its recently completed drilling campaign has confirmed the presence of a **JORC Code compliant Inferred Thermal Coal Resource of 4.6 million tonnes of calorific value 5,800 kcal/kg**. The coal has low ash (5%– 6%) and low sulphur (0.55% – 0.70%) and Inherent Moisture of 13 % - 15%.

An environmental impact study has been commissioned as a precursor to applying for a mining licence to commence operations in the second half of 2009. Various other studies are also in progress or being commissioned, including mine planning, transportation, port infrastructure and sales and marketing.

Orion acquired its 70% interest in the project in June 2007 from Strike Resources Limited (**Strike**). Strike retains a 30% interest in the concession (free carried until a decision to mine is made by Orion).

JORC Resource Definition

Resource modelling indicates a **JORC Inferred Coal Resource of 4.6 million tonnes and target mineralisation of an additional 4 to 5 million tonnes** with the same properties +/-10%. The coal is good quality, with calorific value of the Inferred Resource of 5,800 kcal/kg (and 5,200 – 6,000 kcal/kg for the target mineralisation), low ash and sulphur content.

The results are summarised in the table below:

	Inferred Resource	Target Mineralisation
Coal Tonnes (millions)	4.6	4 - 5
<i>CVADB = Calorific Value Air Dried Basis</i>	5,800	5,200 – 6,000
<i>IMADB = Inherent Moisture Air Dried Basis</i>	14	13 – 15
<i>TSADB = Total Sulphur Air Dried Basis</i>	0.64	0.55 – 0.70
<i>AADB = Ash Air Dried Basis</i>	5.6	5.0 – 6.0
<i>FCADB = Fixed Carbon Air Dried Basis</i>	40	35 – 45
<i>VMADB = Volatile Matter Air Dried Basis</i>	40	35 – 45
<i>CVAR = Calorific Value As Received</i>	5,600	5,100 – 6,000
<i>TMAR = Total Moisture As Received</i>	17	16 – 18
<i>CVDB = Calorific Value Oven Dried</i>	6,800	6,400 – 7,000
<i>CVDAF = Calorific Value Dry Ash Free</i>	7,200	7,000 – 7,400
<i>HGI = Hardgrove Grindability Index</i>	50	45 – 55

(The potential quantity and grade of the target mineralisation coal is conceptual in nature. There has been insufficient exploration to define a mineral resource in relation to that target coal. It is uncertain if further exploration will result in the determination of a mineral resource in relation to that target coal. At Berau, the target mineralisation is interpreted as having similar quality to the Inferred resources and for the required purpose of including a range of 'grades' the same properties are quoted as +/-10% of the assayed properties.)

Drilling

A drilling programme comprising 66 diamond drill holes, for an aggregate of 4,511 metres of drilling was recently completed in order to delineate a mineable resource.

Other exploration activities conducted within the priority area include a 1:5,000 scale topographic survey, surface geological and structural mapping, and geophysical downhole logging.



Photo 1 (above): Changing drill rods.

The Berau Coal Inferred Resource comprises 8 main coal seams ranging in thickness from 0.50 metres up to approximately 7 metres, within a sequence of mudstones, thin siltstones and conglomerates. The coal seams dip approximately 15 to 25 degrees to the north-east and in places, are displaced by faulting. For the purposes of resource definition only the coal in 5 out of the 8 seams, which had average thicknesses of 1.40 metres or greater, was included.

Drilling samples were analysed for coal quality to determine the mineable resource. For the purposes of resource modelling, mineralisation within 100 metres of a drill hole intersection was treated as Inferred and all other modelled coal (i.e resources outside a 100 metres radius of a hole intersection) was considered as target mineralisation.



Photo 2: Man-portable Maxi-195 drill rigs were utilised for the duration of the drilling programme. Core recovery was excellent.

Coal Sale Prospects

The moderate calorific value of the coal together with its relatively low levels of ash and sulphur means that the coal is ideally suitable for use as a fuel for power utilities in both domestic and international market places.

Currently, coal of comparable quality is selling for approximately US\$90 to \$100 per tonne FOB Indonesia (without penalty deductions for contaminants). Strong Indian, Japanese and Chinese demand coupled with supply bottlenecks is expected to result in these prices sustaining or even increasing over the next five years, but no assurance of this forecast is given.



Photo 3: Outcropping coal in hand sample

Mining and Transportation

An environmental impact study has been commissioned as a precursor to submitting a mining proposal to commence operations in the second half of 2009.

The JV plans to commence a low cost strip mining operation of initially 500,000 tonnes of thermal coal per annum, increasing to 1 million tonnes per annum. Local topography together with the shallow nature of the deposits indicates that a low stripping ratio will be achieved.

Whilst transportation options have yet to be finalised, it is envisaged that the mined coal would be trucked a short distance to a suitable barging point where it will be transported along the Segah River to the coast for transshipment and sale.

Background

Indonesia's coal production has increased in recent years, and today the country is one of the world's main coal exporters (after China & Australia). It is one of the leading exporters of sub-bituminous coal, which represents the bulk of Indonesian coal production. Energy Information Administration (EIA) estimates Indonesia to have 5.5 billion short tons of recoverable coal reserves, of which 85 percent is lignite and sub-bituminous. The majority of this coal is located on Sumatra and Kalimantan. Several of the world's major mining companies, including BHP and Rio Tinto, are currently exploring for coal in Kalimantan.

The East Kalimantan area of Indonesia in particular produces a considerable amount of thermal and coking coal, both of which are currently demanding high spot prices on world markets. Coal deposits in this area are typically near-surface, allowing for low cost open-pit mining. Transport to the coast for transshipment is typically undertaken by truck and/or barges down the many local waterways.



Photo 4: The discovery coal seam

Exploration to date in the Berau Concession area has identified multiple locations where coal seams occur.

These coal occurrences are conveniently located adjacent to the Kelay River, which flows north-eastward into the Segah River, less than 100 kilometres west of the coastline. The Segah River is used by other coal producers to barge coal to the Sulawesi Sea for export.

Additional exploration is currently being planned to test coal seam extensions to the south-east, to the north-east and to the south-west of the current work area where the Inferred Resource has been defined. This will comprise initial geological outcrop mapping to delineate drill targets.

Orion Sale Discussions

Orion is in discussions with a number of parties (including Strike) regarding a possible sale of Orion's interest in the project. It is anticipated that the consideration for the sale will be the issue of shares in the purchasing company. As of the date of this announcement, no agreement has been reached.

Summary

Orion has a successful track record of creating shareholder value from early stage resource projects. Illustratively, Orion retains a significant interest in ASX listed Strike Resources Limited, which was re-listed in 2006 with a number of early stage resource projects. These projects were vended into Strike by Orion. Orion has also vended interests in resource projects into ASX listed Alara Uranium Limited (AUQ).

The resource in the Berau Coal Project is of high quality and appears to be easy to mine and transport. There is considerable coal mining activity in the surrounding areas and high demand for coal of the quality found thus far in the project concession. The current high prices being paid for coal of this quality (US\$90 - \$100 per tonne FOB Indonesia) are expected to sustain or even rise significantly over the next five years but no assurance of this forecast is given.

This project is now at the stage where Orion may be in a position to crystallise a significant value gain for its shareholders from its investment. To this end, Orion has been discussing the possible sale of its 70% interest in the project with other parties.

Orion will keep shareholders advised of developments regarding the further development and/or possible sale of this project.

Further information:

Farooq Khan T | (08) 9214 9797
Chairman E | fkhan@orionequities.com.au

William Johnson T | (08) 9214 9797
Director E | wjohnson@orionequities.com.au

The information in this announcement which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Philip A. Jones and Mr Allen J. Maynard, who are Corporate Members of the Australasian Institute of Mining and Metallurgy and Members of the Australian Institute of Geoscientists and independent consultants to the Company. They have over 30 years of exploration and mining experience in a variety of mineral deposit styles including coal mineralisation. Mr Jones & Mr Maynard have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jones & Mr Maynard consent to inclusion in the announcement of the matters based on this information in the form and context in which it appears.