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Walhalla Gold Project - Success at Happy Go Lucky with drilling intersecting reef structures within wide high strain zone

The Directors are pleased to announce that the first three drill holes of the Happy Go Lucky ("HGL") drill program have intersected a pyrite-gold system associated with a major structure, in a near-surface position that has largely been unexploited by previous mining. Drilling is continuing with the aim of further delineating the extent of the mineralised system and to provide further information of the geological and structural setting.

The HGL prospect is located south of the historic high grade Cohen's reef workings at Walhalla and is possibly a southern extension of the high grade Cohen's reef system.

The three holes completed to date confirm the existence of a second, east dipping, largely unexploited gold bearing reef (see figure 1).

- The results received from the second hole indicate that gold mineralisation is associated with a wide high strain zone, which incorporates a second east dipping reef system. Encouraging gold grades were returned across the zone from 134 metres to 155 metres down hole.
- Highest grade within the high strain zone is 8.12 Au g/t over 0.5 metres from 144.97 metres.
- Broader zones of lower grade mineralisation have been intersected, which include 5.45 metres @ 2.79 Au g/t from 140.35 metres (including 1.9 metres @ 4.16 Au g/t from 140.35 metres), and 6.0 metres @ 1.05 Au g/t from 146.08 (see table 1 for further detail).

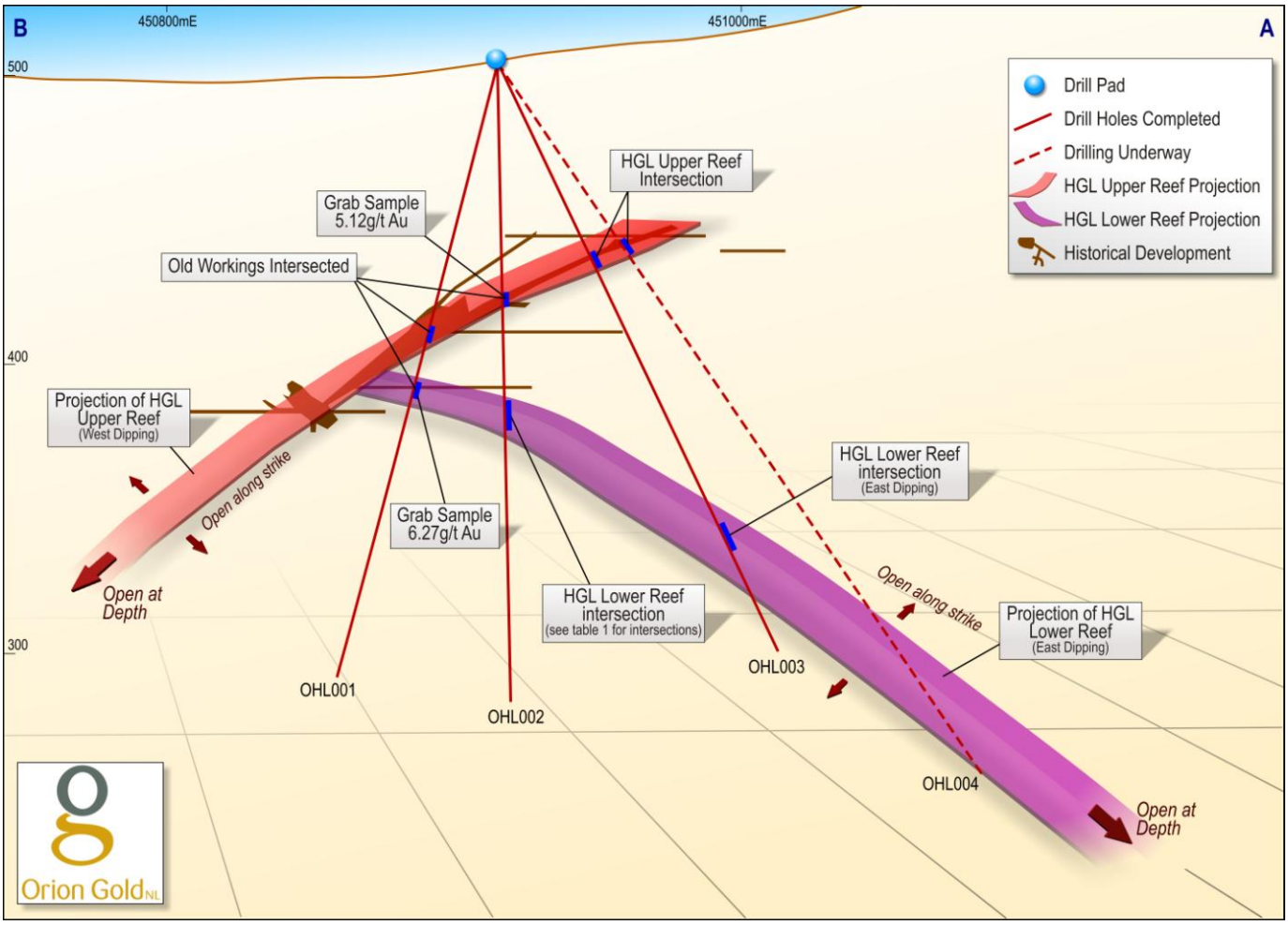

Figure 1: Schematic oblique section through the Grey Horse workings in Stockrider's Spur (HGL) illustrating known historic workings, projected reefs and drill holes. Figure 2 shows the position of this section in plan.

The Company commenced drilling from Stockriders Spur (Happy Go Lucky - Grey Horse Project) in July 2010. The drill program was planned and given high priority following an evaluation of historic mining data for the area that estimated that around 90,000 ounces of gold were recovered from historical underground workings and shallow open pit mines.

Traditionally, mineralisation at HGL was regarded as relatively flat-lying and near-surface in nature, as shown by outcrop in the local area. However, based upon the limited available underground mapping, the Company developed a three-dimensional model of the mineralisation under Stockriders Spur, which indicates that the upper HGL reef steepens westwards, with the suggestion of multiple reefs at depth dipping back toward the east.

To test various aspects of the geological and mineralisation model, the Company is drilling 2,500 metres of diamond core from three pads situated on Stockrider's Spur (see figure 2 and figure 3).

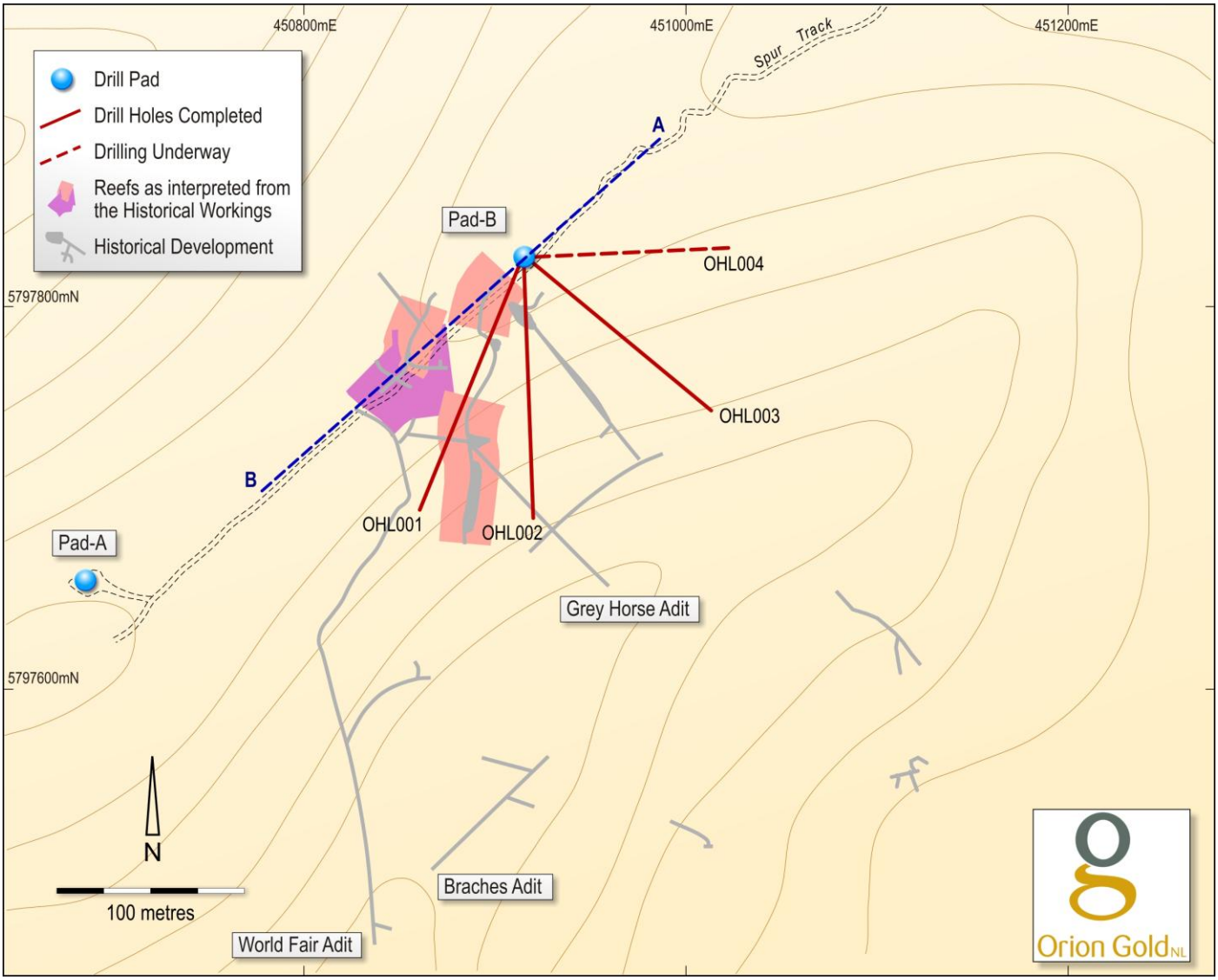

Figure 2: Schematic plan illustrating the reefs as interpreted from historic workings at HGL, the location of drill holes and the position of the schematic oblique section shown in figure 1 (A-B).

Hole OHL001 was completed at 257.8 metres and intersected two voids, which are undocumented (108.7 to 111.2 metres and 134.5 to 139.3 metres). The voids intersected are interpreted as a stope on the upper HGL reef and an old mining level on the lower reef(s) respectively. In addition, 30 cm of hydrothermal breccia-style veining was present under the upper void (sampling pending). A grab sample of quartz and pyritic sandstone rubble recovered from the second void during drilling operations returned 6.27 Au g/t and 480 ppm As.

Hole OHL002 which was completed at 260.8 metres, intersected a void between 94.6 and 96 metres interpreted as undocumented stoping on the upper HGL reef. Three grab samples of fill recovered during drilling operations were all auriferous (see table 1). At depth, the hole intersected a wide high strain zone (approximately 130 to 160 metres), with sections within this zone containing significant amounts of pyrite (+2%). Within the high strain zone are two major sections of pyritic, hydrothermal breccia-style quartz veining (140.64 to 142.07 metres and 148.76 to 150 metres), regarded as representative of the deeper, easterly dipping reefs (lower HGL reef) encountered in the Grey Horse and World's Fair workings, under Stockriders Spur.

The two reefs within the high strain zone are interpreted as major structures, movement along which has strongly deformed the overlying and intervening rock, causing it to be shattered, puggy and riddled with minor veins and breccia seams. If these two parallel deeper reefs are correlated with the lower void in OHL001 a relatively shallow easterly dip is evident.

The results of the sampling conducted on OHL002 core are outlined in table 1. The results indicate that in detail the lower HGL reef comprises two parallel quartz reefs within a wider zone of lower grade mineralisation. It appears that much of the high strain zone is mineralised, with better grades returned by the two main reefs. At this early stage, there also appears to be a correlation between pyrite content and Au.

OHL003 was completed at 241.4 metres, with detailed geological logging and sampling in progress. Prominent veining was noted at 89 to 89.25 metres, 91.4 to 91.6 metres and 91.87 to 92.07 metres. Veining in this position is interpreted to represent the upper HGL reef, although assays are required for confirmation. A wide, high strain zone, similar to that observed in OHL002, is present and overprints brecciated, shattered and veined fine sediments between approximately 191.5 and 221 metres. Within this zone are pyritic, hydrothermal breccia-style veins at approximately 208 to 208.9 metres and approximately 212.75 to 213.1 metres. These veins are regarded as equivalent in morphology to the two lower reefs intersected in OHL002.

OHL004 which is targeting the north easterly extension of the lower reef system is currently in progress. A zone of quartz veining and weathered dyke rock was intersected between 103.6 and 104.1 metres. Detailed geological assessment and sampling are pending.

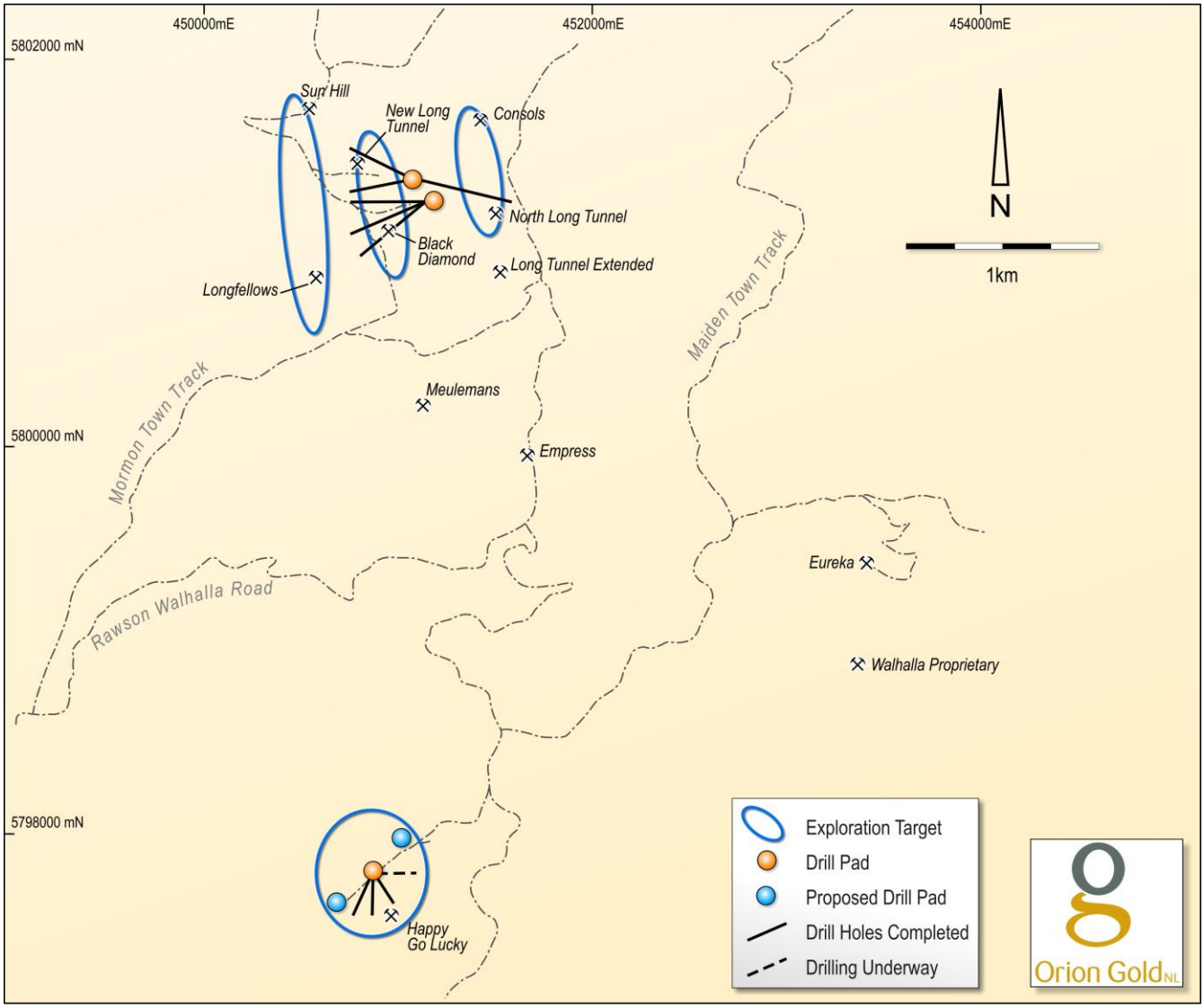

Figure 3: Project locality plan

West 1 Drilling Program

Following completion of the Cohen's North program, drilling was undertaken into the West 1 line of mineralisation from Pad B (see figure 4).

The West 1 (Zone 1) line of mineralisation is hosted within the Black Diamond dyke. Historically two reefs were mined in the Black Diamond workings, namely an 'upper' and a 'lower' reef, with higher production from the 'lower' reef. The West 1 (Zone 2) mineralisation is hosted within a second dyke west of the Black Diamond dyke and appears to be associated with the lower (western) contact of a dyke intersected within the New Long Tunnel workings. Mineralisation was not identified in this position by historic mining and the New Long Tunnel dyke thus represents a new exploration target.

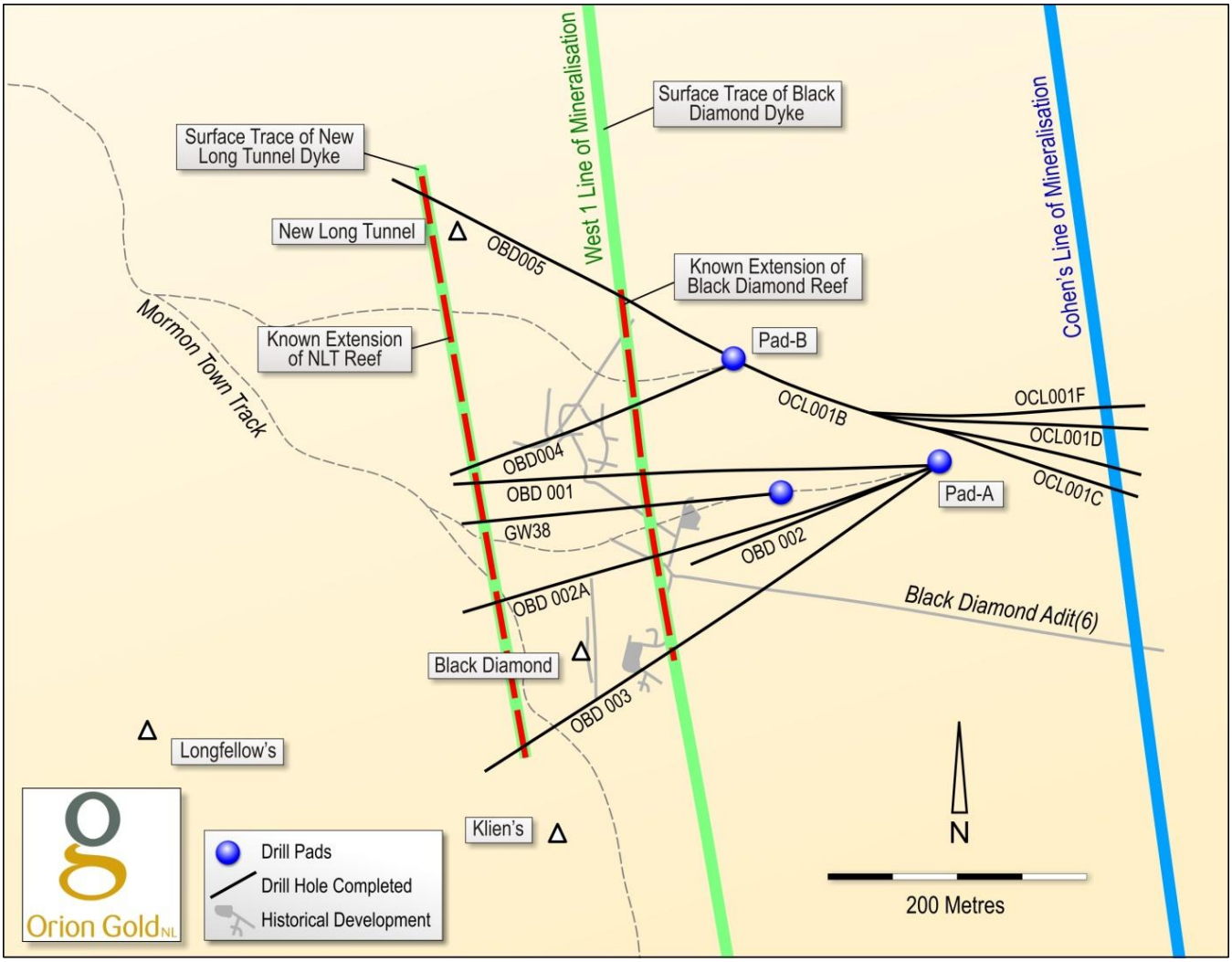

Figure 4: Schematic plan illustrating the position of mineralised trends in the Cohen's area, historic workings, the projected surface trends of the Black Diamond and New Long Tunnel dykes and the location of drill holes.

Drill hole OBD004 targeted mineralisation hosted within the Black Diamond dyke under the northern part of the workings of the same name. The dyke was intersected between 94.42 and 102.27 metres. Sections of laminated, arsenopyrite-rich quartz veining and associated stockwork veining within the dyke between 94.83 and 95.23 metres and between 101.52 and 101.97 metres are associated with pervasive bleaching and disseminated pyrite and are interpreted as equivalent to the 'upper' and 'lower' reefs mined in the Black Diamond workings. The hole also intersected a thin dyke at depth (253.6 to 254.5 metres), which is correlated with the New Long Tunnel dyke. The lower part of the dyke and contact zone are sulfide rich (exceeding ca. 2% pyrite + arsenopyrite). Assay results are reported in table 2.

Drill hole OBD005 was targeted in a more northerly direction under the New Long Tunnel workings. The hole intersected a dyke between 120.0 and 132.4 metres, believed to be equivalent to the Black Diamond dyke. Visual examination of veining between 120.35 and 120.7 and between 129.00 and 129.50 metres (e.g. veining style, sulfide content and associated alteration), suggests that these are similar in style to the veins seen in OBD004. A second dyke encountered between 261.80 and 269.00 metres is believed to represent the New Long Tunnel dyke, with veining noted between 264.50 and 264.80 metres. Assays are reported in table 3. These indicate that only the lower Black Diamond reef was mineralised in this hole.

OBD004 and OBD005 have established that the quartz reefs in the Black Diamond and New Long Tunnel dykes continue northwards from drill hole GW38 for strike lengths exceeding 140 and 170 metres respectively (see figure 4). Additional assessment will be undertaken before a decision is made on further drill testing of the West 1 line of mineralisation.

Executive Chairman Denis Waddell said, "we are very encouraged by the initial Happy Go Lucky drill results particularly given the major structures intersected. The Happy Go Lucky results together with the other mineralised zones identified from the current drill program highlight the prospectivity of the Company's Walhalla Gold Project. We are looking forward to the ongoing drill results from Happy Go Lucky and from the follow-up programs planned for other identified target zones".

Denis Waddell
Executive Chairman

Competent Person
Exploration information in this report has been compiled and assessed under the supervision of Dr James Anderson, Orion Gold NL's General Manager – Exploration, from historical records and field investigation. Dr Anderson is a member of the AusIMM (CP) and has extensive experience in the identification of gold mineralisation of this style. Dr Anderson consents to the public release of the information in the context contained within this release.

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 Gold NL that could cause actual results to differ materially from such statements. Orion Gold NL 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.

Table 1: Drill Hole OHL002 Intersections

From (m)	To (m)	Interval Width[1]	Au (g/t)	As (ppm)[4]
Upper Happy Go Lucky reef (grab sample from void rubble)				
94.60	96.00	n/a	0.60	346
94.60	96.00	n/a	1.69	361
94.60	96.00	n/a	5.12	233
Lower Happy Go Lucky high strain zone (internal reefs highlighted)				
133.00	133.50	0.50	---	37
133.50	134.00	0.50	0.06	57
134.20	134.55	0.35	1.07	417
134.55	135.14	0.59	1.26	743
135.14	135.43	0.29	2.06	894
135.43	135.96	0.53	0.59	407
135.96	136.09	0.13	0.61	379
136.09	136.60	0.51	0.37	313
136.60	136.93	0.33	0.32	268
136.93	137.80	0.87	0.35	327
137.80	138.05	0.25	1.55	621
138.05	138.62	0.57	0.67	454
139.80	140.35	0.55	0.20	173
140.35	140.63	0.28	0.64	322
140.63	141.06	0.43	5.85	685
141.06	141.65	0.59	5.13	1,959
141.65	141.90	0.25	5.06	7,383
141.90	142.07	0.17	3.58	4,923
142.07	142.27	0.20	1.95	2,124
142.27	143.00	0.73	0.44	324
143.00	143.80	0.80	1.68	1,644
143.80	144.34	0.54	0.78	536
144.34	144.62	0.28	0.79	478
144.62	144.97	0.35	1.83	1,106
144.97	145.47	0.50	8.12	873
145.47	145.80	0.33	0.67	350
146.08	146.20	0.12	0.90	346
146.20	146.45	0.25	0.51	259
146.45	147.00	0.55	1.03	627

Table 1: Drill Hole OHL002 Intersections (continued)

From (m)	To (m)	Interval Width[1]	Au (g/t)	As (ppm)[4]
Lower Happy Go Lucky high strain zone (internal reefs highlighted)				
147.00	147.90	0.90	0.65	376
147.90	148.20	0.30	1.60	865
148.20	148.40	0.20	2.48	1,833
148.40	148.70	0.30	2.27	1,532
148.70	148.96	0.26	1.90	1,482
148.96	149.22	0.26	1.11	1,070
149.22	149.37	0.15	2.75	2,827
149.37	149.70	0.33	1.02	850
149.70	150.00	0.30	1.49	758
150.00	150.83	0.83	0.70	417
150.83	150.96	0.13	0.47	155
150.96	151.25	0.29	0.36	223
154.48	154.60	0.12	0.28	317
154.60	155.00	0.40	0.55	393
155.00	155.32	0.32	0.87	212
155.32	155.60	0.28	0.18	148

Table 2: Drill Hole OBD004 Significant Intersections

From (m)	To (m)	Interval Width[1]	Au (g/t)[2]	As (ppm)[4]
Black Diamond Dyke				
94.70	95.05	0.35	3.26	2,440
95.05	95.45	0.40	0.58	834
101.52	101.7	0.18	21.96 (21.24)[3]	14,550
101.70	101.97	0.27	2.89	4,902
101.97	102.27	0.30	0.90	3,600
102.27	102.39	0.12	0.89	560
New Long Tunnel Dyke				
253.58	253.86	0.28	3.59	6,440
253.86	254.09	0.23	0.44	845
254.09	254.32	0.23	1.81	5,608
254.32	254.47	0.15	4.02	3,238

Table 3: Drill Hole OBD005 Significant Intersections

From (m)	To (m)	Interval Width[1]	Au (g/t)[2]	As (ppm)[4]
Black Diamond Dyke				
128.74	129.00	0.26	0.30	2,440
129.00	129.40	0.40	1.63	834

Notes

1. All quoted depths are measured down hole, not true width and all sampling conducted on halved PQ core. No averaging of repeat assays.
2. Analysis by 50 g Fire assay, AAS finish.
3. Analysis by 100 µm mesh screen fire assay (calculated total gold).
4. Analysis by ICP/OES.
5. Drill hole directions are oblique to the interpreted zones of mineralisation, but at angles of no less than approximately 60 degrees to dip and strike of these zones.