

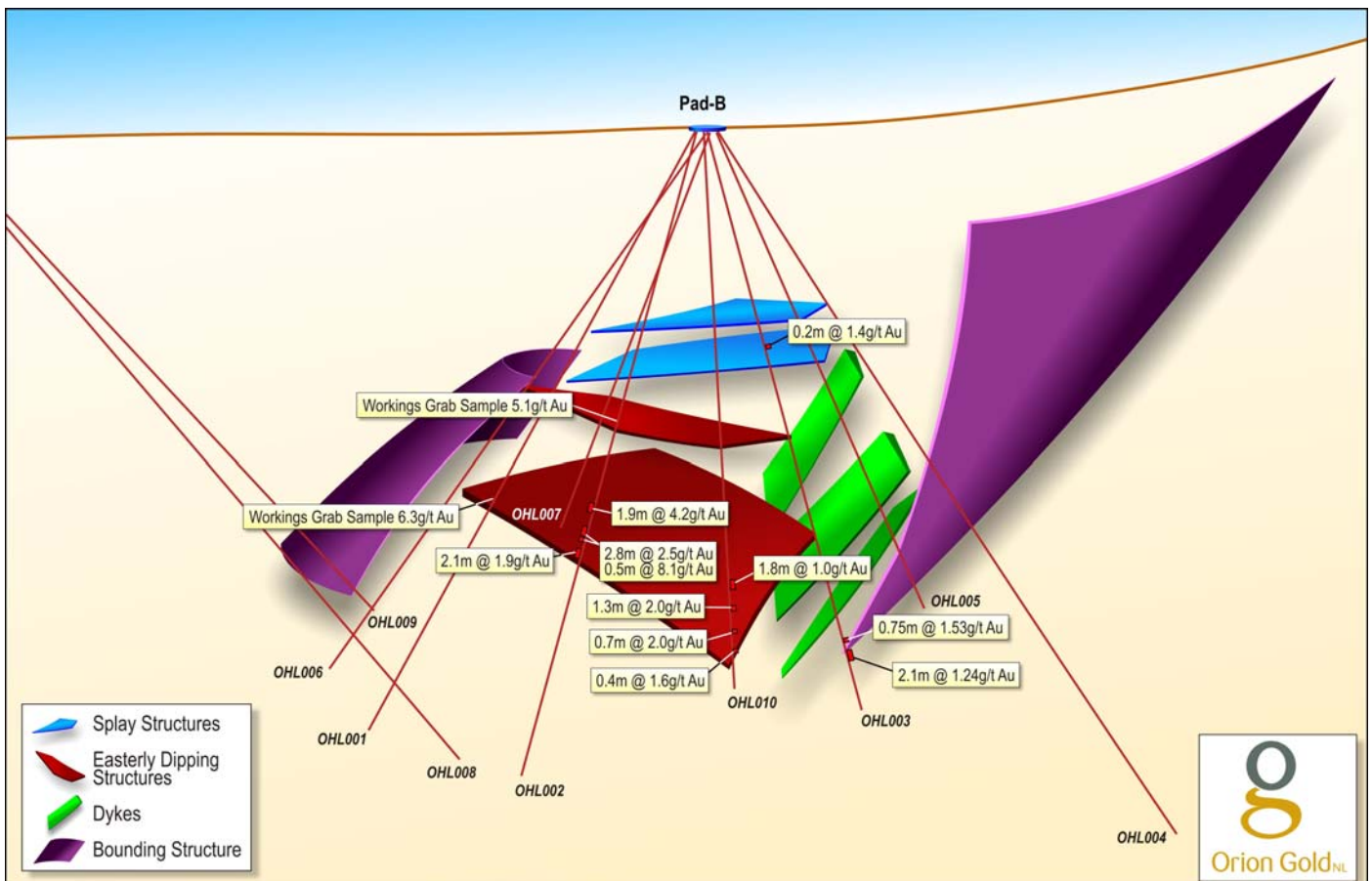
13 January 2011

## Happy Go Lucky – Drilling Suggests Significant System of Gold Mineralisation

The Directors are pleased to announce that following the recently completed drilling program, the Company has made significant progress in understanding the controls on mineralisation at Happy Go Lucky ('HGL'). Consulting structural geologist, Dr. Steve King's review of recent and historical data has identified what appear to be the key controls on mineralisation and has identified a number of high priority drill targets for the next phase of drilling.

The most recent drilling at HGL, diamond drill hole OHL010, intersected a **broad 42.5 metre interval** (approximately 169.0 - 211.5 metres) of low grade mineralisation, hosted within a high strain zone. This interval is similar to the previously reported drill hole, OHL002 which also returned a broad interval of low grade mineralisation including 1.9 metres at 4.2 Au g/t, 2.8 metres at 2.5 Au g/t (including 0.5 metres at 8.1 Au g/t) and 2.1 metres at 1.9 Au g/t.

Significant gold results in OHL010 (> 0.5 Au g/t) are outlined in Table 1 and show a strong correlation with arsenic (As). The mineralisation is related to structures with an easterly dip and the mineralised intervals intersected in OHL010 and OHL002 are shown in Figure 1.



**Figure 1:** Diagrammatic 3D view of HGL faults and structures interpreted from the diamond drill core, showing significant assays. Note that mineralisation occurs within the shallow, easterly dipping structures.

An interim structural model based upon the work to date, is presented in Figure 1. The structural model suggests that mineralisation occurs within moderately easterly-dipping, 'linking' structures, which are present between two northwest trending, westerly-dipping, bedding-parallel bounding fault systems.

The recent geological and structural assessment has identified several high priority targets at HGL for follow up drill testing, including the intersection of the easterly dipping structures and the bounding structures. In addition, there is the potential for both **stacked reefs and an ore shoot** where the easterly structures merge at depth to the south west with the western bounding fault.

Executive Chairman Denis Waddell said, "we continue to be very encouraged with the progress being achieved at Happy Go Lucky, with the new geological model demonstrating the large scale potential of the mineralised system. The drill results and geological interpretation completed to date from Happy Go Lucky and other prospects drilled during 2010, highlight the prospectivity of the entire Walhalla Gold Project. Planning is in progress for follow-up programs at Happy Go Lucky and other identified target zones".

#### **Top Camp / Iron Ridge Project - Queensland Mining Corporation Limited Joint Venture – Queensland (Orion 34%)**

The Company's joint venture partner, Queensland Mining Corporation Limited ('QMC') announced to the ASX on 21 December 2010, significant copper-cobalt drilling results from the Black Fort prospect at South Cloncurry, North Western Queensland, within the joint venture area.

QMC as manager of the joint venture may earn an 82.35% interest in the joint venture which equates to a 70% interest in the Project (from 51%) by spending \$350,000. Orion is yet to be provided with information from QMC that will allow the Company to complete a review of any claim for earn in. Should QMC earn a 70% interest in the Project, Orion would then own 15% of the Project. Orion can then elect to contribute or dilute.



Denis Waddell  
Executive Chairman

Table 1: Analyses from Diamond Drill Hole OHL010, Happy Go Lucky Prospect

From (m)	To (m)	Width <sup>1</sup> (m)	Au (g/t) <sup>2</sup>	As (ppm) <sup>3</sup>
173.10	173.60	0.50	1.04	439
173.70	174.00	0.30	0.79	666
174.00	174.50	0.50	1.55	1,150
182.40	182.90	0.50	0.74	325
182.90	183.47	0.57	1.03	502
183.47	184.00	0.53	0.48	365
191.70	192.00	0.30	1.51	686
192.00	192.56	0.56	3.56	1,262
192.56	193.30	0.74	0.82	660
196.11	196.50	0.39	0.80	582
196.50	196.80	0.30	1.32	2,784
208.32	209.00	0.68	1.99	3,166
209.66	210.00	0.34	0.74	400
210.00	210.42	0.42	1.55	701
210.42	210.67	0.25	0.88	512
210.67	211.10	0.43	0.64	510
219.75	220.30	0.55	1.56	545

**Notes:**

1. All quoted depths are measured down hole, not true width. Hole intercept angles to interpreted mineralised structures, are of greater than 60°. All sampling conducted on halved NQ core with no averaging of repeat analyses.
2. Analysis by 50 g fire assay, AAS finish.
3. Analysis by ICP/OES.

**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.