



Orion Gold_{NL}

QUARTERLY REPORT

Report on Activities for the Quarter Ending 31 March 2011

Key Points

- Comprehensive review of historic mining data and the logging and interpretation of drill core from the 6,500 metres drilled in 2010 has led to a breakthrough understanding of the structural controls on mineralisation at Cohen's and regionally throughout the Walhalla Gold Project, providing a strong framework for ongoing exploration and regional target selection.
- Significantly, the review has resulted in a new geological/structural model which has opened up a highly prospective structural trend located within the Walhalla – Woods Point Goldfield, the majority of which is held by Orion Gold NL.
- An evaluation of development options based on a review of the gold resources and mining economics at Tubal Cain continued during the Quarter. The review of the Tubal Cain gold resources is being undertaken in conjunction with a scoping study aimed at determining the economics of the resource and possible development scenarios.

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Operations

Walhalla Gold Project (Orion 100%)

During the Quarter, the Company announced that a comprehensive review of historic mining data and the logging and interpretation of drill core from the 2010 6,500 metres drill program was very successful. The review has resulted in a breakthrough understanding of the structural controls on mineralisation at Cohen's and regionally throughout the Walhalla Gold Project area.

Building on the historic mining data and exploration programs undertaken to date on Orion's Walhalla tenements, recent studies have provided a strong framework for ongoing exploration and regional target selection. Detailed structural analysis of the previously mined, high grade Cohen's Reef, has identified several key factors which appear to control mineralisation. **The review has resulted in a new geological/structural model which has opened up a highly prospective structural trend located within the Walhalla – Woods Point Goldfield, the majority of which is held by Orion Gold NL.**

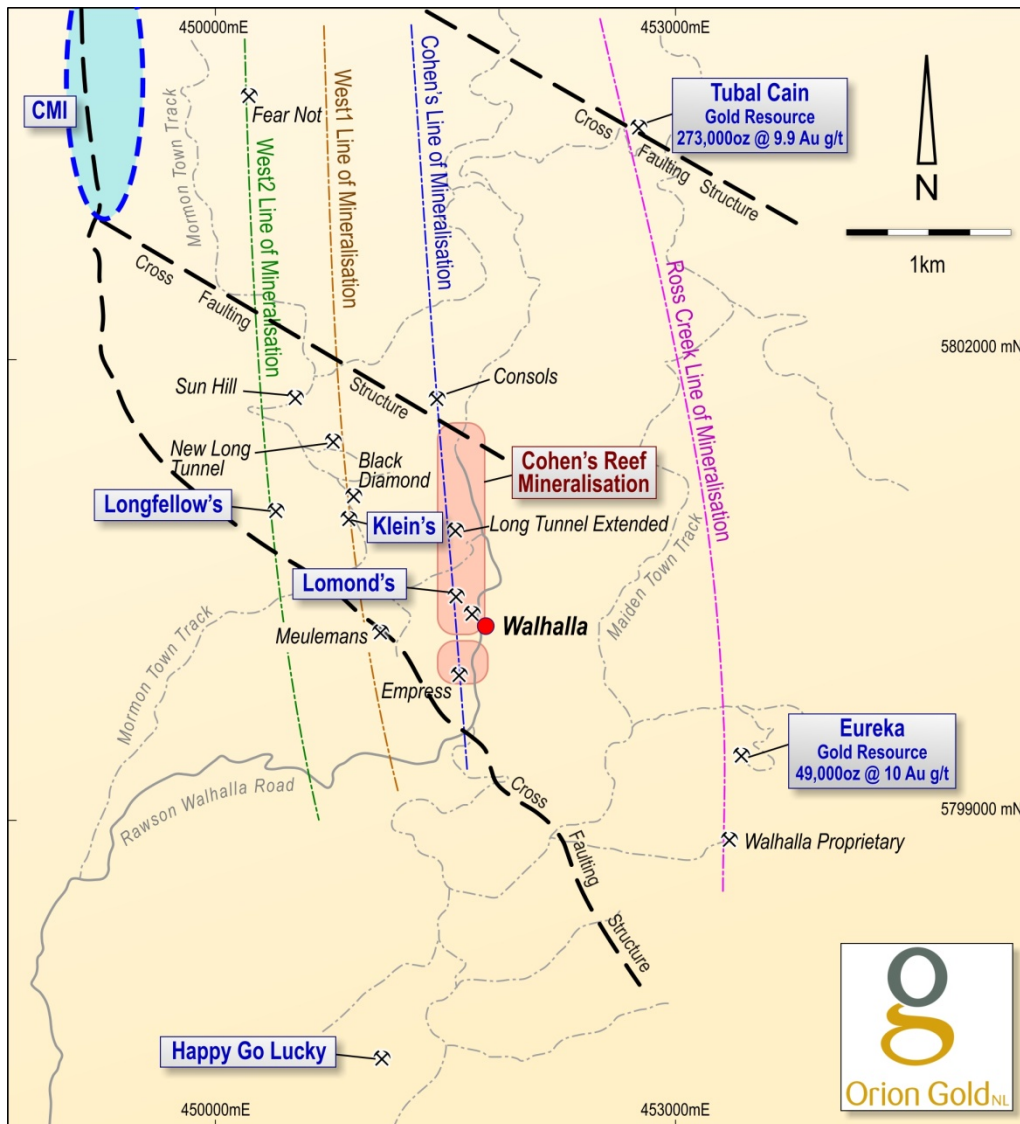


Figure 1: Walhalla Region – note that deposits tend to occur where mineralised north-south structures are intersected by cross-cutting structures. Table 1 highlights the Mineral Resources by deposit.

The new structural/geological model highlights the importance of southeast-northwest trending cross cutting structures, which constrain and concentrate mineralisation along the well recognised north-south trends of historical workings. In addition, the extension of the north-south trending Cohen's Line to the north of Cohen's Reef, has been reinterpreted. The new interpretation opens up a major new focus for exploration along the interpreted northern extension of the Cohen's structural trend.

The new interpretation significantly increases the potential of the Cohen's trend for over 35 kilometres to the north of Walhalla, where a number of historic workings have similar geology to Cohen's. The new geological model also highlights that the majority of the Walhalla-Woods Point goldfield's production has been derived from gold mines associated with the reinterpreted Cohen's trend. In addition, through this work, reassessment has identified a number of highly ranked targets, which are located at the interpreted intersection of cross-cutting structures and the main north-south structural trends.

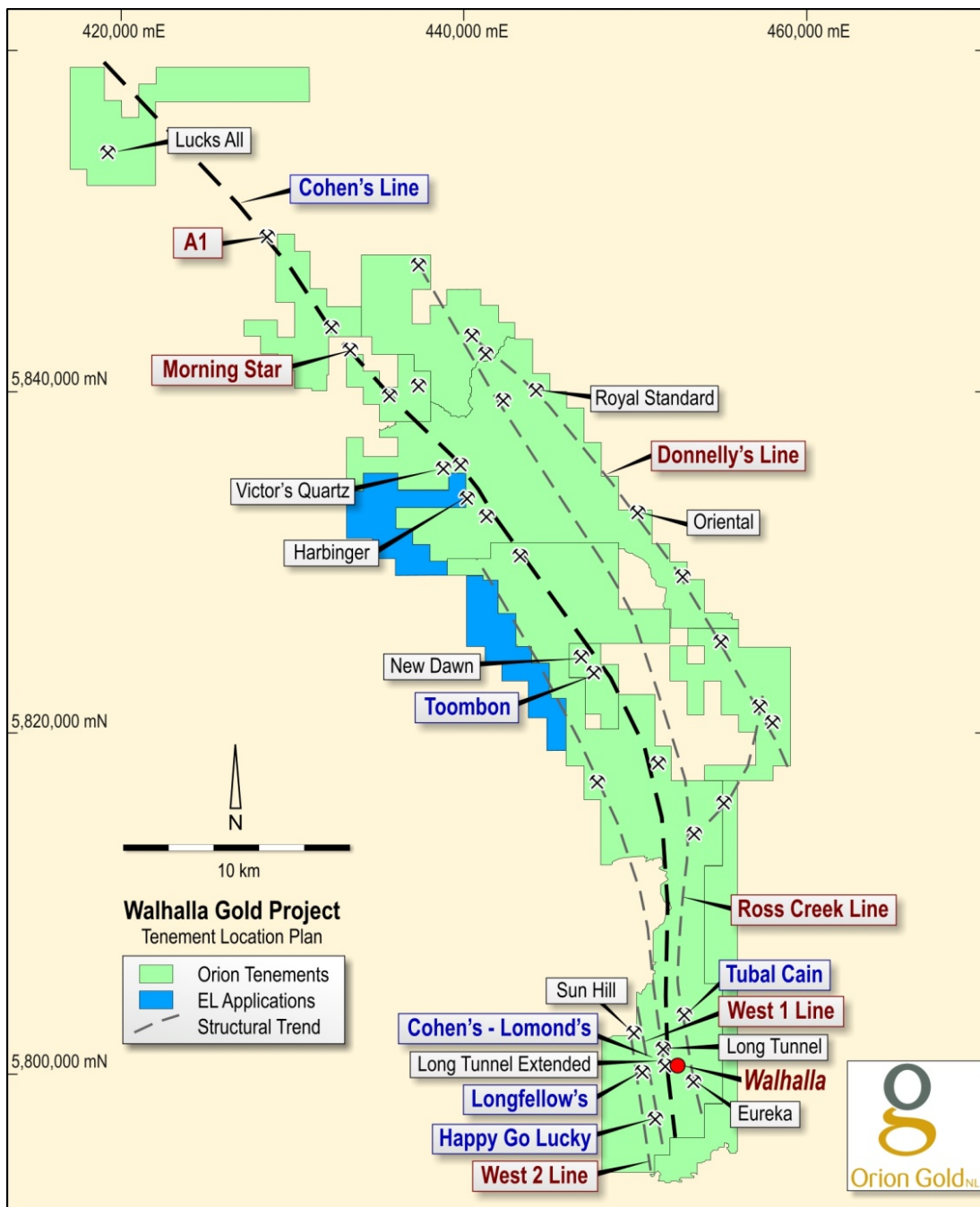


Figure 2: Orion Gold tenements - note EL applications resulting from recent exploration review.

2011 EXPLORATION TARGETS

Given the significant findings of the recent studies, the Company is planning an intensive exploration program, commencing in the surrounds to Cohen's Reef, on a series of targets defined by the new structural/geological model. The priority targets in the central area include Longfellow's and the near surface Lomond Zone, both of which have the potential to add to the Company's near surface resource inventory.

Longfellow's

The Longfellow's prospect (see figure 1) is located in close proximity to the intersection of north-south trending geology with a southeast-northwest cross-cutting structure. The target below the historic workings (see figure 3) is shallow at only 150 metres depth. The exploration potential of the Longfellow's area is supported by previous underground grab sampling on two levels which confirmed high grades over significant strike lengths – 200 metres at 4.95 Au g/t and 75 metres at 4.12 Au g/t (see figure 3 and note 1). The Company plans to drill test the Longfellow's target during 2011.

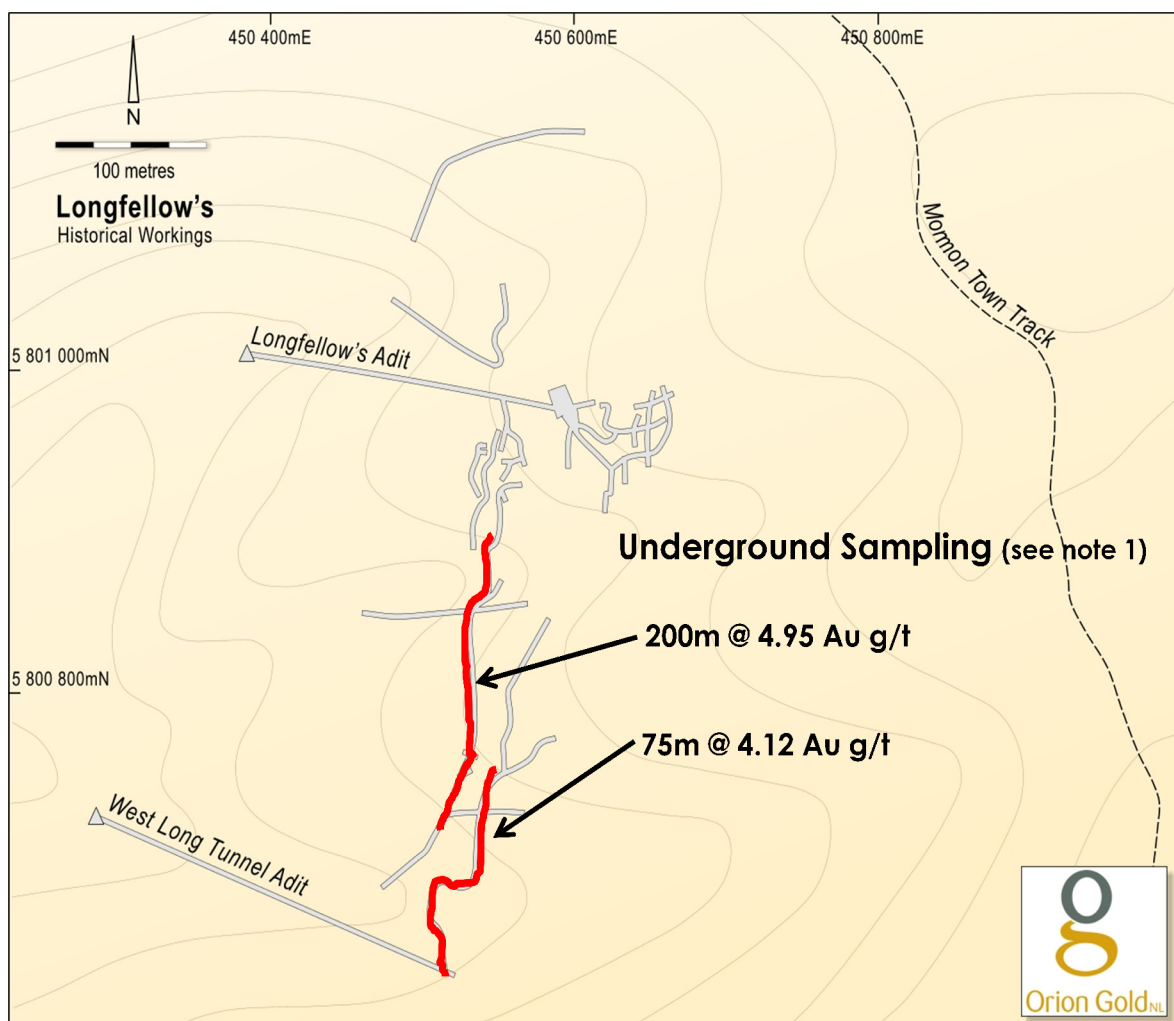


Figure 3: Longfellow's underground historical workings and level sampling.

Lomond Zone

Based on the new structural/geological model, the Cohen's Reef mineralisation has been placed in an elegant structural framework, which explains the distribution and attitude of the previously mined high-grade shoots (see figure 4). The influence of a cross-cutting structure on the main steeply dipping, north-south Cohen's Reef fault, can be seen at the northern end, where the steeper mineralisation abruptly changes character from a shallow northerly plunge, to a steep southerly plunge (see figure 4). The Cohen's Reef workings graphically illustrate the influence of the intersection of the gold-prone, north-south structures with cross-cutting structures in the region.

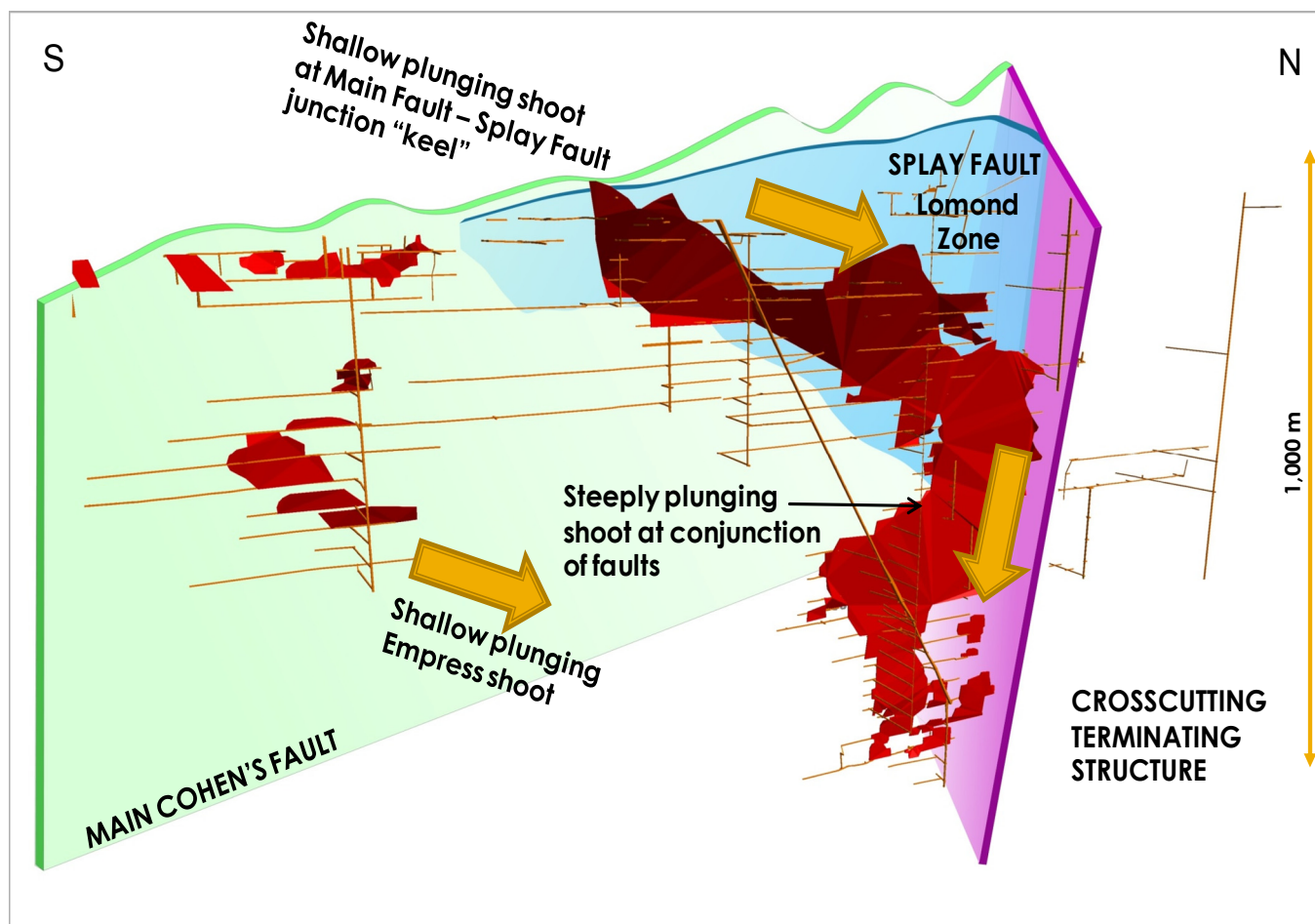


Figure 4: Cohen's Reef structural controls on mineralisation; north-south trending Main Cohen's Fault, obliquely intersecting north-plunging Splay Fault and cross-cutting terminating northern structure. The intersection of these faults explains the disposition of the historically mined ore shoots.

Associated with the structures that control mineralisation at Cohen's Reef is a fault splay from the main, steeply dipping, north-south trending fault. Where this splay intersects the Main Cohen's Fault (see figure 4), a "keel" formed, which localised the shallow, north plunging shoot which was mined in the past. Interplay between the main fault and the splay as they separate, has created mineralised structures in an area now regarded as a high priority target, named the Lomond Zone. The interpreted dip angle of these connecting structures indicates that past drilling may have been parallel to them and therefore unsuccessful. Based on this new understanding, further interpretation and remodelling is underway. The Lomond Zone provides a target that has the potential to add significant, near surface resources to the Company's existing resources.

CMI Prospect

The continuation of the major southeast-northwest cross structure, which controls the deeper shoot at Cohen's Reef, intersects another north-south mineralised trend to the west (see figure 1). Based on the revised structural interpretation, this is regarded as a highly favourable target, as it represents the mirror image structural position to Cohen's Reef. This has been named the CMI prospect.

Happy Go Lucky

At Happy Go Lucky, drilling in 2010 identified a new mineralised system with indications of increasing mineralisation down plunge on several controlling structures, which trend towards a yet to be tested point of coalescence (see figure 5). The Company plans to drill test this target during 2011.

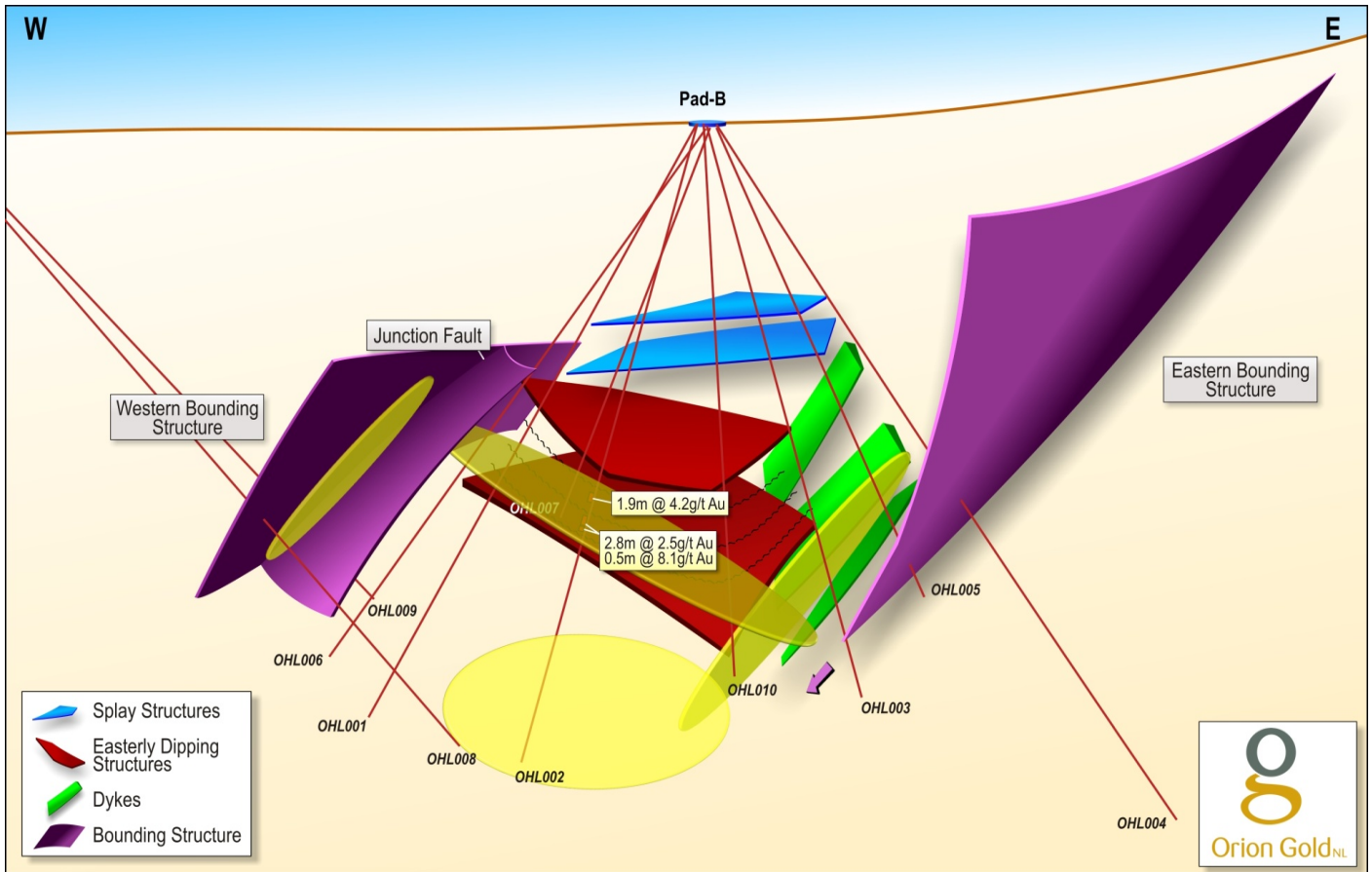


Figure 5: Diagrammatic 3D view of HGL faults and structures interpreted from the diamond drill core, showing significant assays.

Toombon-New Dawn

The recognition that the geologically equivalent position of the Cohen's Reef and structural zone extends over 35 kilometres to the north, has important ramifications for the potential of the Toombon-New Dawn area (see figure 2). The new structural model indicates that the Cohen's trend hosts the major historical mines in the Walhalla-Woods Point goldfield, with a total recorded production of approximately 4 million ounces of gold from mines within this trend. The Toombon-New Dawn deposits, also located on the Cohen's trend, are under investigation and have recognisable similarities to the Cohen's Reef. This similarity is demonstrated by the unusual shape of previously mined mineralisation (see figure 6), which shows a shallow upper zone, rapidly changing to a steep zone at depth. This suggests that intersecting faults constrain mineralisation at Toombon in a similar manner to Cohen's.

The Company plans to drill test targets at the Toombon-New Dawn area during 2011.

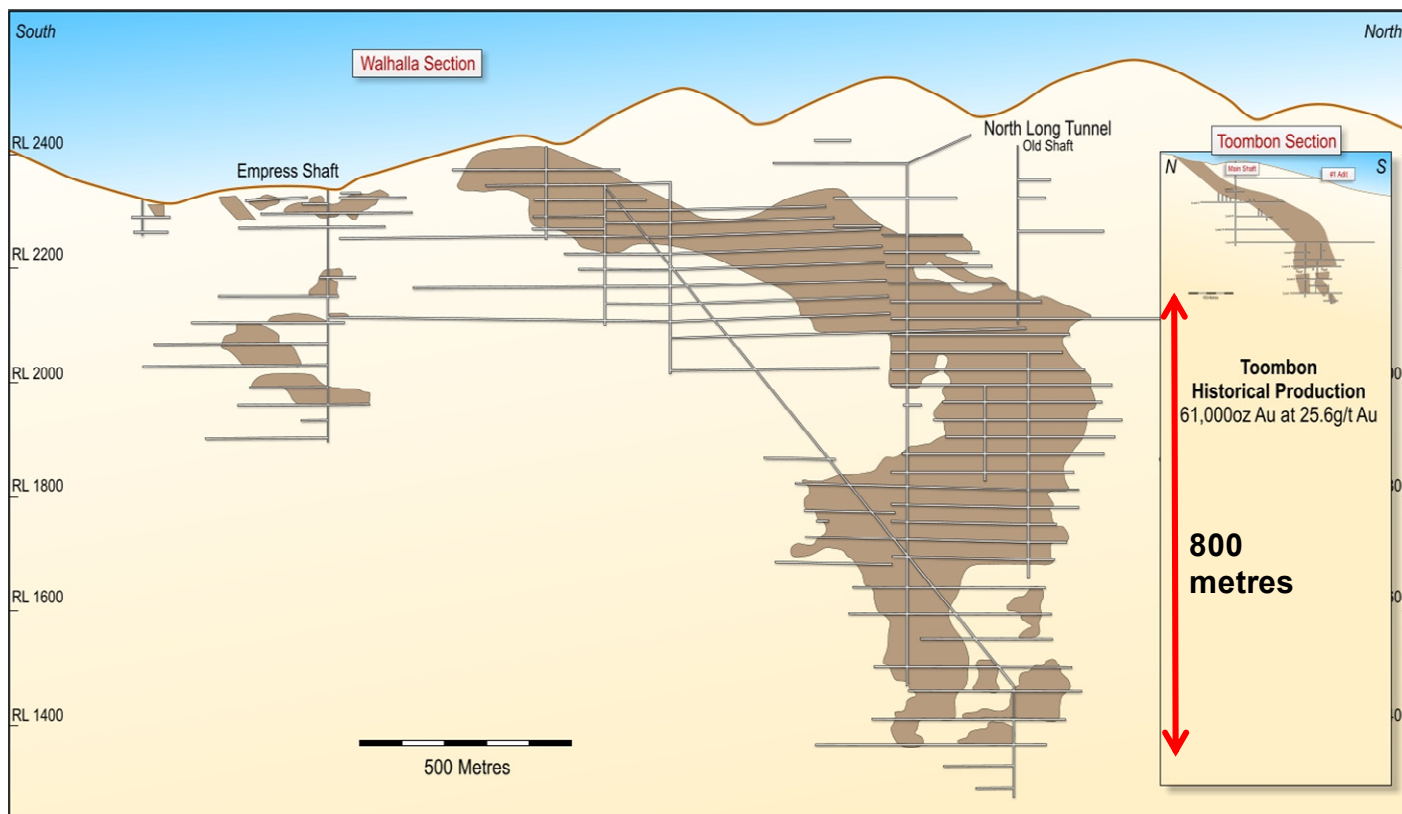


Figure 6: Long section of Toombon historical workings compared with mining on Cohen's Reef.

Tubal Cain

In addition to the geological/structural model review completed during the Quarter, the Company continued to evaluate development options based on a review of the resources and mining economics at Tubal Cain. The review of the Tubal Cain 273,000 Au ounce resource (see table 1) is being undertaken in conjunction with a scoping study aimed at determining the economics of the resource and possible development scenarios. It is anticipated that the resource review and scoping study will be completed during the June 2011 Quarter.

Regional

The new geological model upgrades the prospectivity of other locations along the Cohen's trend. One of these, the historic Victor's Quartz workings, has been identified as an area of interest and will be subject to detailed assessment during the coming Quarter.

The drill testing of further regional targets is aimed at delineating additional near surface resources, which collectively, would support the development of mining operations with an increasing gold production profile.

Other Projects

Top Camp / Iron Ridge Project - Queensland Mining Corporation Limited – 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.

Corporate

Cash and Finance

Cash on hand at the end of the Quarter was \$1.8 million.

Table 1: Mineral Resources

The in situ Mineral Resource for the Walhalla Gold Project total 1,688,000 tonnes at 8.1g/t Au above cut-offs of 3 and 4 g/t Au. The following table highlights the Mineral Resources by deposit.

Deposit	Cut-off Au g/t	Measured		Indicated		Inferred		Total		
		Tonnes	Au g/t	Tonnes	Au g/t	Tonnes	Au g/t	Tonnes	Au g/t	Ounces Au
Tubal Cain	4	-	-	177,000	7.7	680,000	10.5	857,000	9.9	273,400
Eureka	4	-	-	36,000	13.9	117,000	8.8	153,000	10.0	49,200
Cohen's	3	80,000	5.4	388,000	5.1	210,000	6.1	678,000	5.5	119,100
Total		80,000	5.4	601,000	6.4	1,007,000	9.4	1,688,000	8.1	441,800

Notes:

1. Tonnes are rounded to the nearest 000, grade is rounded to the nearest 0.1, the ounces Au rounded to the nearest 100
2. The cut-off grades for Tubal Cain and Eureka are set at values required to report only that part of the total in situ Mineral Resource which it is believed has potential to be mined economically by underground methods suitable for narrow vein deposits
3. The cut-off grade for the Cohen's Deposit (previously referred to as the Cohen's Stockwork Deposit) is set so as to report only that part of the Mineral Resource which it is believed has potential to be mined economically by underground bulk mining methods
4. These Mineral Resources are exclusive of areas of these deposits which are known to have been previously mined.

The Mineral Resources have been classified into Measured, Indicated and Inferred categories in accordance with JORC guidelines based on the assessment of geological continuity, grade continuity, drill data density and grade estimation error.

Notes

- (1) Averaged gold assays from 10kg grab samples collected at 5 metre intervals along strike in the Western and Lower Western tunnels – Longfellow's Prospect, Walhalla by Intrepid (1998).

Competent Persons Statement

The information relating to the Mineral Resource is based on and accurately reflects grade estimation and modelling undertaken by Mr P. Ball B Sc MAusIMM for Orion Gold NL in his capacity as Consultant Geologist to Orion Gold. The Mineral Resource information has undergone audit by external consultants. Mr Ball has sufficient experience in relation to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code". Mr Ball consents to the inclusion of the mineral resource information in the form and context in which it appears.

Other 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.

Disclaimer

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 inherently involve subjective judgement and analysis and are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Orion Gold NL. Actual results and developments may vary materially from those expressed in this release. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking 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.