



Orion Gold_{NL}

Orion Gold NL is an Australian gold exploration company focused on delivering value to shareholders through the successful exploration of the Company's highly prospective tenement holdings located in the Walhalla goldfield of Victoria.

The prospectivity of the Walhalla goldfield is supported by fact:-

- The Walhalla region is Victoria's sixth largest historical gold producing region with over 400 known reef and alluvial gold deposits;
- The historic Cohen's Reef was mined to a depth of over one kilometre and produced 1.5 million ounces of gold at a grade of 30 g/t Au;
- The many known gold bearing reefs located within the Walhalla goldfield highlight the enormous potential of the Company's large tenement holdings; and
- Orion Gold's Walhalla Project is located in one of the world's major orogenic gold provinces.

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ASX Release

22 July 2011

Orion Gold NL (ASX: ORN) is pleased to announce that a diamond drilling program to test highly ranked targets at Toombon-New Dawn, Longfellow's and Happy Go Lucky is scheduled to commence mid August. This drilling will be followed with the testing of other high priority targets generated by the new structural model.

Key Points:

- **The outcomes of the Cohen's Reef structural study represent a quantum leap forward in understanding the controls and disposition of mineralisation both at Cohen's Reef and regionally.**
- **Recent reconnaissance fieldwork at Shortfellow's has located a structure of interest which was originally identified by the new regional structural model as a target zone. Further evaluation is underway with the objective of planning a drill program to test the target zone.**
- **Further structural studies at Cohen's Reef are in progress to advance the understanding of the controls of shallow "stockwork" style zones and deeper high grade Cohen's Reef replicates.**

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COHEN'S REEF - WALHALLA

Following the recent breakthrough in understanding the structural controls on mineralisation at Cohen's Reef and regionally throughout the Walhalla Project area, the Company has continued to advance the structural framework study of Cohen's Reef. The outcomes of this study represent a quantum leap forward in understanding the controls and disposition of mineralisation at Cohen's Reef, Walhalla. This work is anticipated to assist in predicting the trends and controls of mineralisation, thereby improving the targeting of additional mineralisation at relatively shallow levels in close proximity to Cohen's Reef.

Within the new model, some of the mineralisation located within close proximity to Cohen's Reef which was previously regarded as minor, dismembered or discontinuous, can now be seen to be more coherent within an overall framework.

Based upon the new insights, a more detailed study of Cohen's is in progress, examining zones of interest identified in the initial structural work. Relatively near-surface, discontinuous mineralisation previously referred to as "Stockwork" or the "Lomond Reef" mineralisation at Cohen's now appears to have specific structural controls. Much of these zones have not been exploited by previous mining. The objective of the detailed study is to define the structural controls on the high grade Cohen's shoot and provide extension targets for replicates of this major concentration of mineralisation. A drill program will be planned following the identification of target zones.

The structural framework study also highlighted the most prospective regional ground and Orion Gold has selectively applied for a number of exploration licences as a result. Recent reconnaissance fieldwork at Shortfellow's, which is one of the targets identified from the new structural model (see figure 1), has located a structure of interest, confirming the applicability of the regional structural model in identifying drill targets.

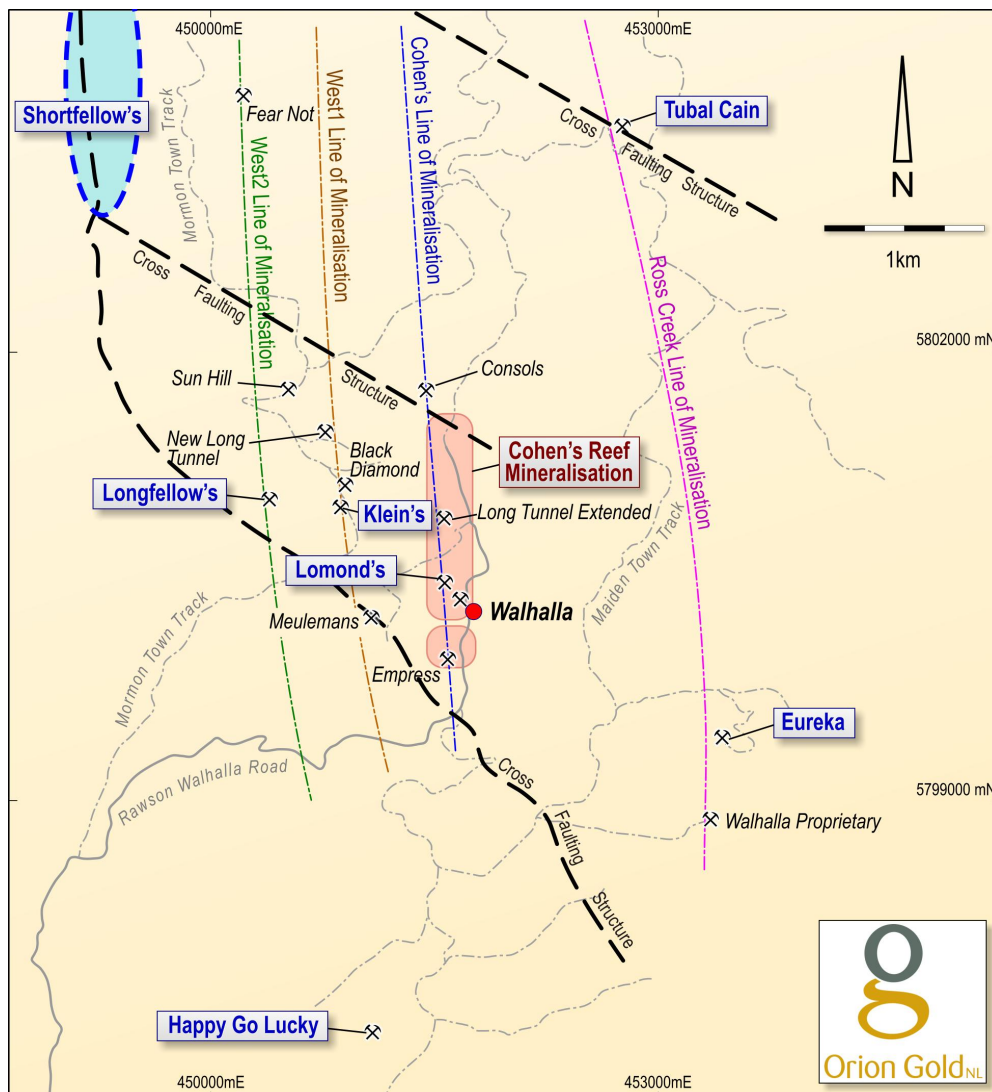


Figure 1: Walhalla Region – note that deposits tend to occur where mineralised north-south structures are intersected by cross-cutting structures.

2011 DRILLING PROGRAM

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. This 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 such as Toombon have similar geology to Cohen's (see figure 2). The new geological model also highlights that the majority of gold production from the Walhalla-Woods Point goldfield 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.

Given the significant findings of the recent geological assessments, the Company has engaged a drilling contractor to commence a drill program that targets Longfellow's, Toombon-New Dawn and Happy Go Lucky.

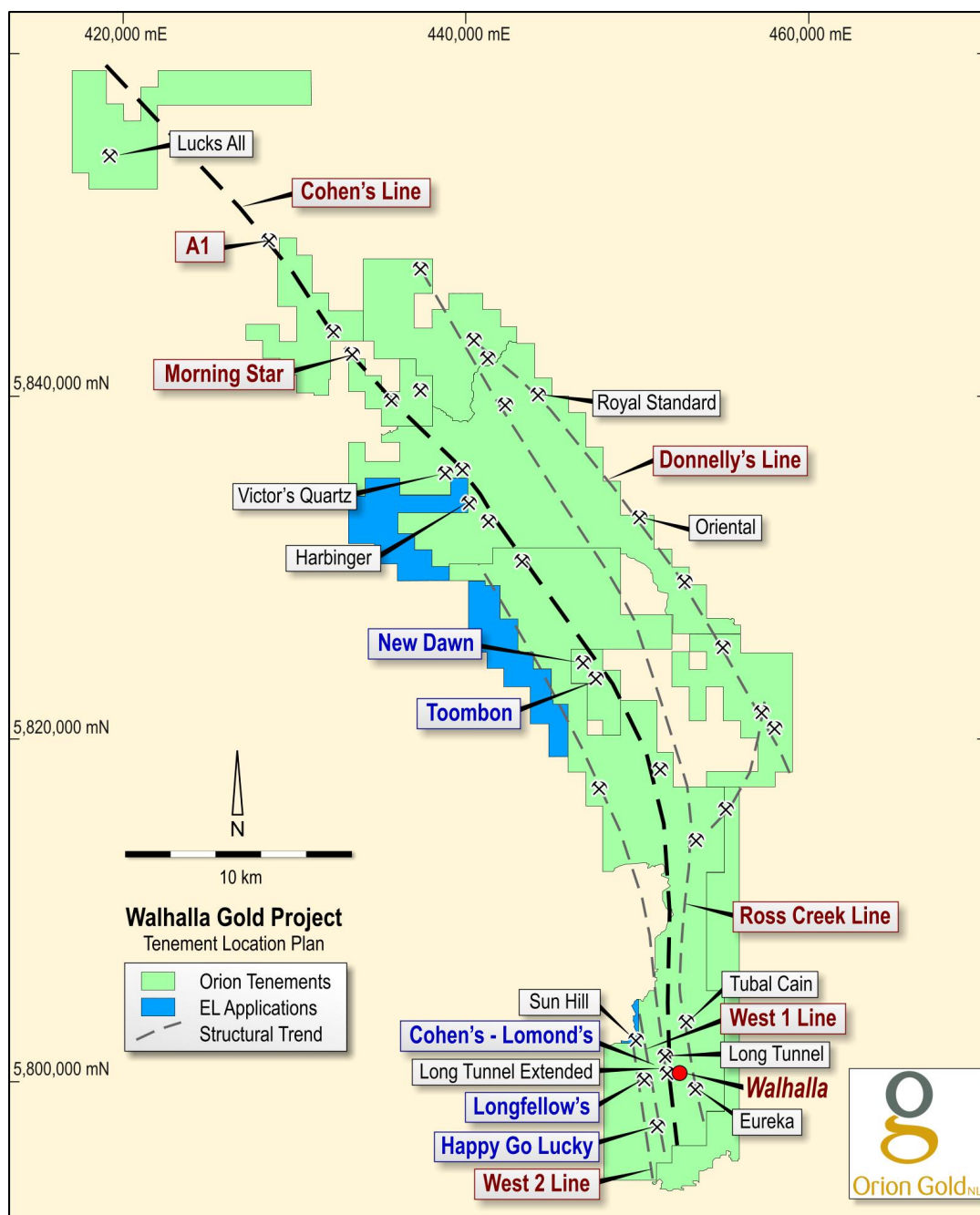


Figure 2: Orion Gold tenements - note EL applications resulting from recent exploration review.

Toombon - New Dawn

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 (see figure 2). Orion regards the Toombon-New Dawn area as particularly prospective, as the linear array of historic workings is interpreted to be situated in the same stratigraphy and structural setting as the main Cohen's Reef at Walhalla. Deposits in the Toombon area are similar in style to that of Cohen's. The area has received very little "modern" exploration and almost no drilling.

Orion has built a 3D model of the New Dawn workings based upon the available historic data. It appears that a series of moderately easterly-dipping reefs were exploited in the workings. In addition, the dips outlined on the various reefs and the nature of the stoping and disposition of the drives suggests that intersection lodes may have been exploited under Clarke's Adit.

Drilling is designed to test across the prospective stratigraphy and test for a series of parallel reefs. The drilling is also designed to test for potentially southerly plunging intersection lodes ('shoots').

Longfellow's

The Longfellow's prospect is situated on a parallel structure to the west of the main Cohen's Reef, which the Company denoted as the West 2 Line of mineralisation. A major cross cutting structure is interpreted to the south of the prospect which is an important feature of the new structural model as such features are related to known mineralisation in the goldfield (see figure 1).

Gold was discovered in the Longfellow's dyke around 1864 and was exploited by an extensive network of underground workings until the mid-1890's. The area of interest comprises the main Longfellow's workings and shaft and a series of smaller operations immediately south of this. Orion intends to target the reefs under the main Longfellow's workings, where a number of contact reefs exist on the margins of a significant dyke.

Any encouraging results in initial drilling under the Longfellow's workings, will be followed up by drilling from a pad to the south – an area of significant tonnage potential, as the main mineralised dyke appears to trend east of the bulk of the workings.

Happy Go Lucky

At Happy Go Lucky (see figure 1), 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. The planned drilling program builds on the drilling in 2010 and intends to test the southern eastern (down plunge) part of Happy Go Lucky, in particular the potential for an intersection lode at the junction of the easterly-dipping reefs and the eastern bounding structures.



Denis Waddell
Executive Chairman

Competent Person's Statement

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.