



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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Orion Gold NL

29 September 2011

\$1.5 million Loan Facility

Orion Gold NL (ASX: ORN) is pleased to announce that it has finalised a \$1.5 million loan agreement, providing the Company with funding to enable it to continue the diamond drilling program that has commenced to test highly ranked targets at New Dawn – Toombon, Longfellow's and Happy Go Lucky.

The Company has entered into a loan agreement for up to \$1.5 million ('Facility') with Silja Investment Limited ('Silja'), the Company's major shareholder. Under the terms of the Facility, Silja has committed to convert cash drawn down under the Facility to shares, as part of a possible future capital raising subject to various conditions including:

- Shareholder approval where required by law, including the ASX listing rules;
- The capital raising including Silja's allocation being a minimum of \$1.5 million;
- The capital raising issue price of shares not being less than 1 cent per share; and
- Silja's participation in the capital raising being an amount equivalent to Silja's proportionate shareholding in the Company (approximately 27%).

Shares will be issued to Silja on the same terms as shares issued to other subscribers as part of a capital raising.

The Facility expires on 30 June 2013, and the Company would be required to repay the Facility in cash on that date to the extent the loan balance has not been converted into shares by then.

Under the terms of the Facility, a capital raising fee would be payable by the Company to Silja where it subscribes for its share allocation in a capital raising. The fee is calculated by multiplying the amount subscribed for by Silja under the terms of the Facility by the percentage commission payable to a broker or underwriter as part of the capital raising. No facility fee is payable by the Company to Silja. Silja has a fixed and floating charge over the assets of the Company.

Interest will be capitalised under the Facility at a margin of 1.5% over the 90-day dealers' bill rate (re-set every 90 days). In order to draw on the Facility, the Company must meet certain conditions precedent including the continued employment of key personnel. To date, the Company has not drawn on the Facility.

Under the terms of the Facility, Silja's commitment to participate in a future capital raising as outlined above is in place irrespective of whether or not the Company utilises the Facility.

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Denis Waddell Executive Chairman
Martin Bouwmeester General Manager-Corporate

Exploration Update

The Company is also pleased to announce that the diamond drilling program has commenced to test highly ranked targets at New Dawn – Toombon, Longfellow's and Happy Go Lucky.

The initial holes of the drill program are underway and are testing targets at New Dawn – Toombon (Orion 85%) which is located on the recently reinterpreted Cohen's trend. The Cohen's trend hosts the major historical mines in the Walhalla-Woods Point goldfield, with the recorded gold production from mines located along the Cohen's trend totalling approximately 4 million ounces (see figure 1).

The reinterpretation of the Cohen's trend is an outcome of the Company's new structural model. Based on this model, Orion regards the New Dawn – Toombon area as particularly prospective, as the historic workings are interpreted to be situated in the same stratigraphy and structural setting as the main Cohen's Reef at Walhalla which produced 1.5 million ounces of gold. Deposits in the New Dawn – Toombon area are also interpreted to be similar in style to the mineralisation at Cohen's Reef. The area has been subject to very little modern exploration and almost no drilling.

Orion's 3D model of the New Dawn workings, based upon the available historic data, provides targets for a series of parallel reefs and for southerly plunging intersection lodes ('shoots').

The current drill program totals 2,400 metres of diamond drilling with the first three holes (each of approximately 400 metres in length) to be drilled at New Dawn. Following the drill program at New Dawn, the Company will drill highly ranked targets at Longfellow's and Happy Go Lucky (see figure 2).

Continued review of the Company's outlying tenements utilising recent developments in interpretation of mineralisation controls, has led to a series of further, new and encouraging prospects being designated for field testing and possible drilling.

The detailed study on the extensive historical data for the Cohen's Reef deposit continues. It is anticipated that targets will be identified for bulk tonnage, low grade and high grade shoots at Cohen's. Also it is expected that regional targets will be identified resulting from this improved interpretation and understanding. The Company is expecting to be able to provide a more detailed update on the outcomes of the study in the coming weeks.



Denis Waddell
Executive Chairman

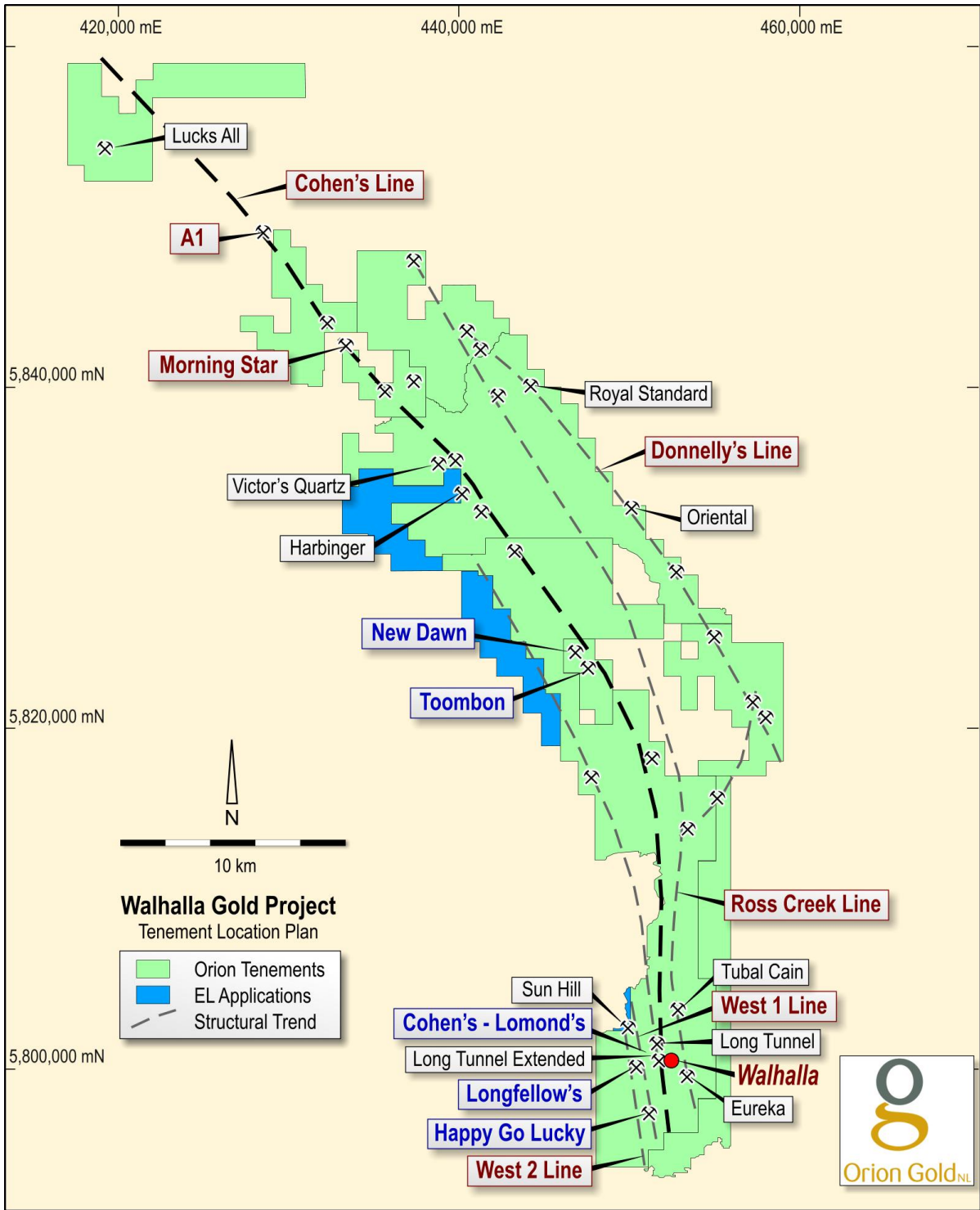


Figure 1: Orion Gold tenements.

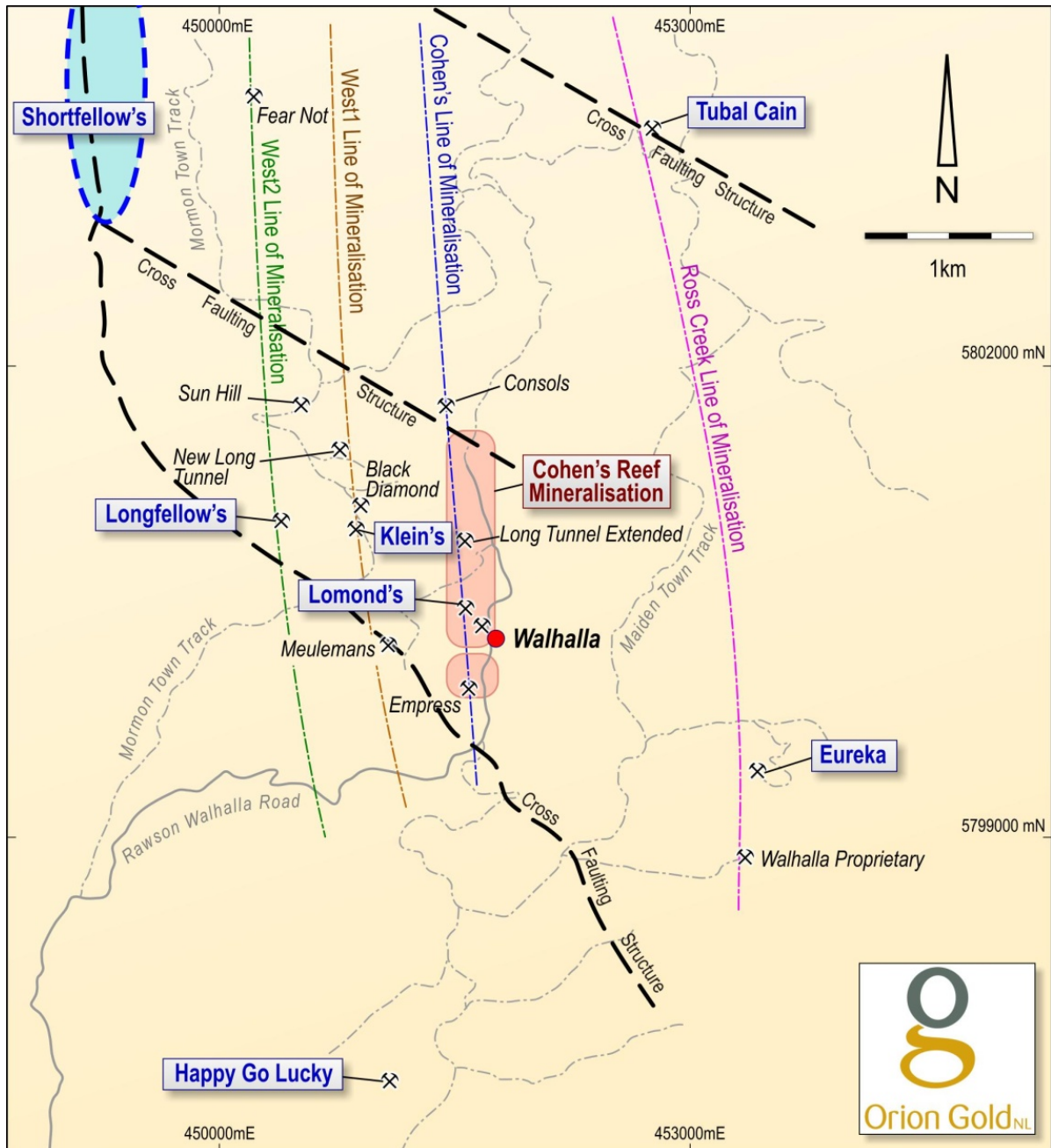


Figure 2: Walhalla Region – note that deposits tend to occur where mineralised north-south structures are intersected by cross-cutting structures.

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.