

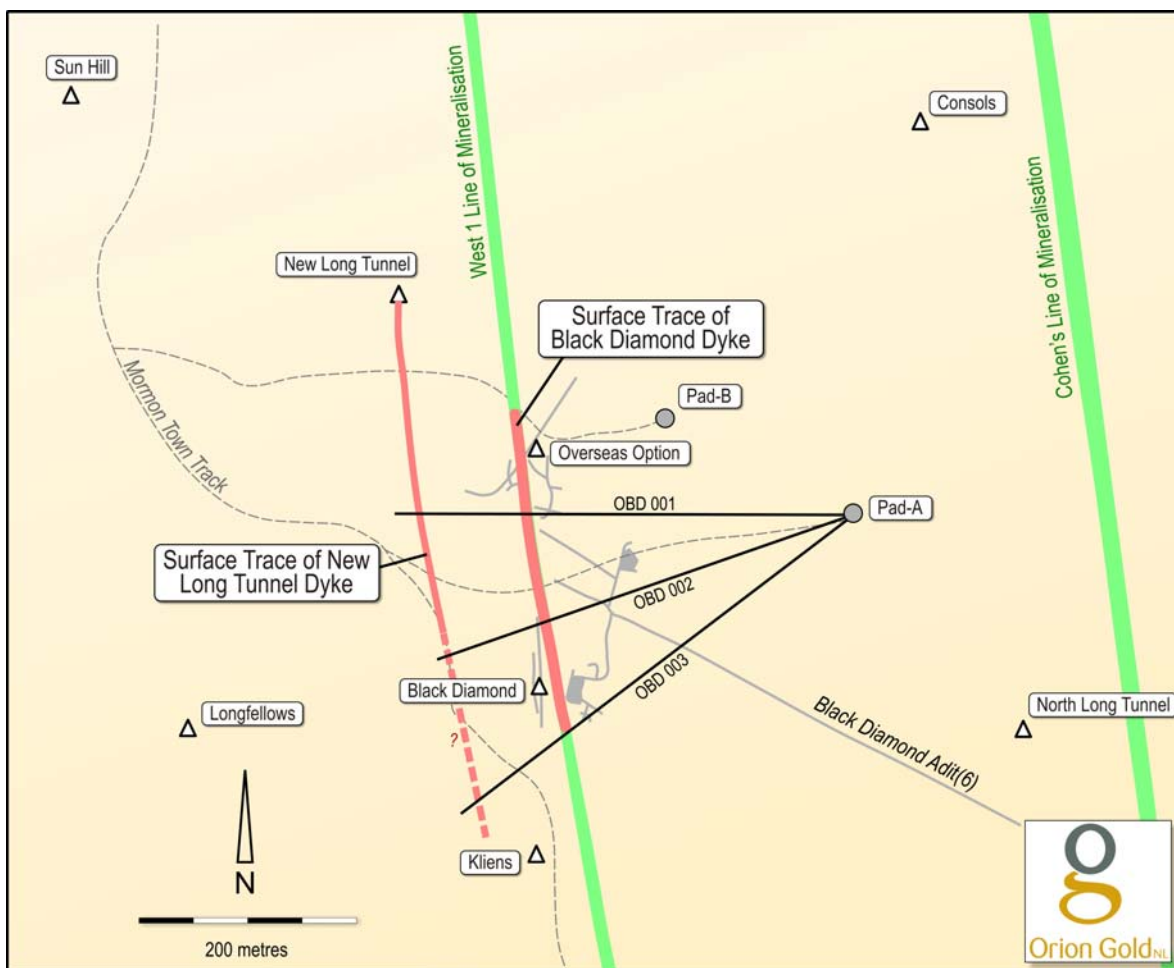
9 December 2009

## Walhalla Gold Project – Drilling Update

The Directors are pleased to announce that the first hole of the recently commenced diamond drill program has intersected two dykes which contain laminated quartz-carbonate-chlorite sulfide veins and bleached zones associated with fine disseminated sulfides (arsenopyrite > pyrite) and thin quartz veining. Intersecting the two mineralised zones in the first drill hole is very encouraging as it confirms the structures are open at depth and along strike. Additional holes to be drilled in the current program will test for further extensions at depth and along strike.

The first hole (OBD001), which was designed to intersect the ‘West 1’ line of mineralisation below the historic Black Diamond workings and a secondary target further to the west towards the New Long Tunnel workings, successfully intersected the interpreted location of mineralised zones and was completed at a depth of 443.4 metres.

Hole OBD001 (see figure 1) was collared at 451202mE and 5801275mN, and was nominally drilled at a inclination of -58° towards 258° (magnetic).

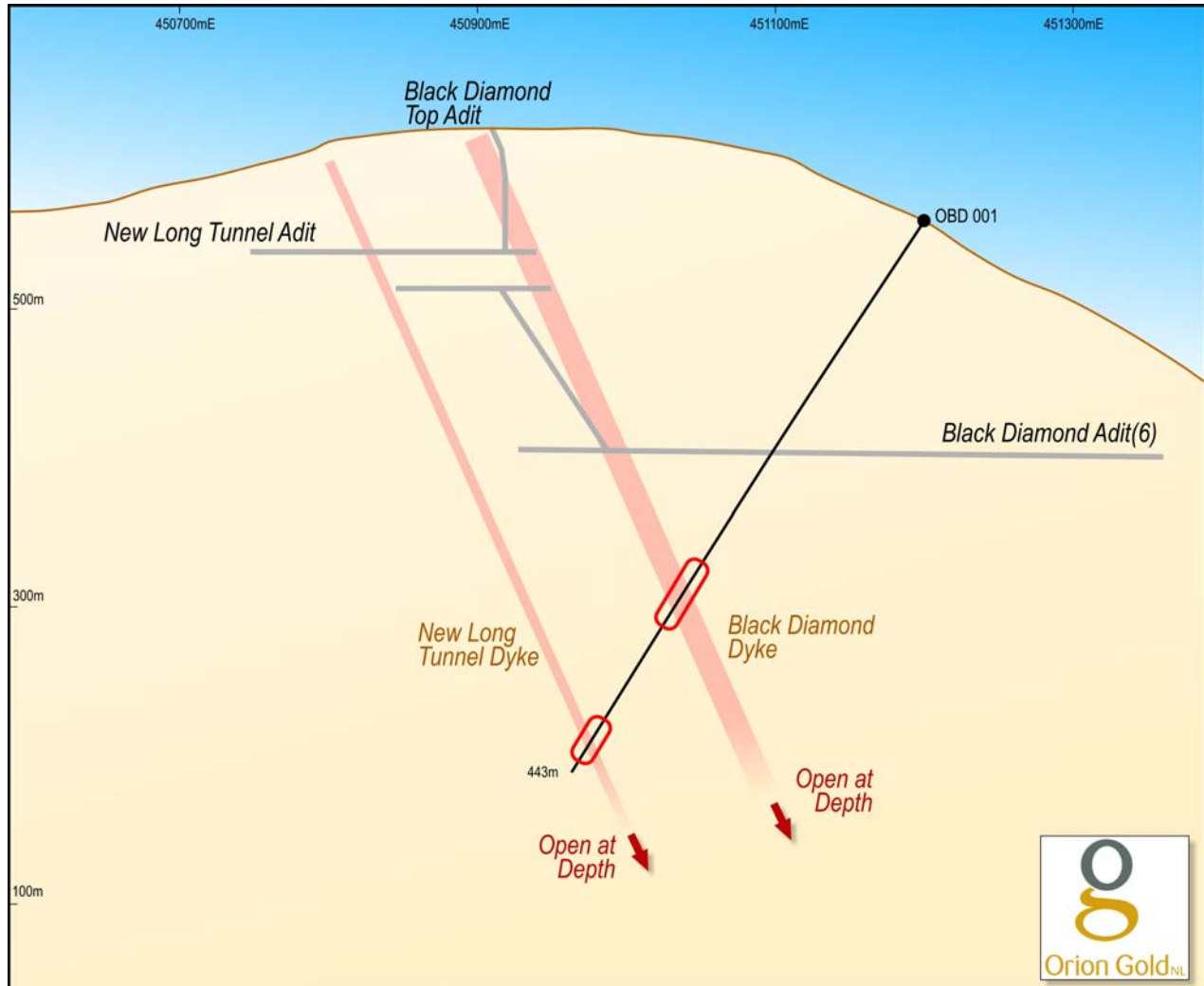


**Figure 1:** Schematic plan illustrating the position of mineralised trends in the Cohen's area, historic workings, the projected trend of the Black Diamond dyke and New Long Tunnel dyke and the location of Orion Gold NL drill holes. OBD002 currently in progress, OBD003 proposed.

Hole OBD001 intersected the first dyke at between 297.6 and 313.8 metres (see figure 2). This dyke is correlated with the thick dyke present within the Black Diamond workings and represents the primary target. Within the dyke there are two zones of interest:

Down hole metres	Description
299.6-330.6	Bleached dyke rock associated with pervasive fine sulfides and quartz-sulfide veining.
306.4-308.5	Laminated (~10 cm) quartz-carbonate-chlorite-sulfide vein, and a zone of bleaching, pervasive fine arsenopyrite and fine quartz-sulfide veining.

Initial interpretation suggests that the two zones of interest outlined above represent the two zones mined at higher levels within the Black Diamond mine. Sampling and assay are pending.



**Figure 2:** Cross section showing the West 1 line of mineralisation (through Black Diamond workings), New Long Tunnel dyke and location of the first drill hole.

The second dyke, representing the second deeper target, was intersected between 419 and 426.15 metres (see figure 2 and figure 3). It is believed that this dyke correlates with a thin dyke hosting mineralisation in the historic New Long Tunnel workings. Notably, the dyke is thicker at the level intersected by OBD001.

The second dyke is bleached and yellowed due to alteration, particularly in the lower section. Fine disseminated sulfides (arsenopyrite > pyrite) and thin quartz veining are associated with this alteration, particularly over the interval 421 to 421.5 metres. The interval between 424.95 and 426.15 metres overlaps the intrusive western contact between the dyke and Walhalla Group sediments and includes a series of laminated/annealed breccia quartz-carbonate-chlorite veins between 10 cm and 60 cm in width. The veins include numerous altered wallrock fragments and clots of sulfide (arsenopyrite > pyrite). The wallrock adjacent to the veins contains abundant fine disseminated arsenopyrite.



**Figure 3:** Core recovered from OBD001 across the New Long Tunnel dyke (approximately 419 to 426.15m). Note the prominent quartz veining across the lower contact as highlighted.

As the core is still to be cut and assayed, the gold grade of the intersections is not yet known. However, it is very encouraging that the mineralisation intersected between 424.95 metres and 426.15 metres is regarded as analogous in type and style to that of the adjacent Cohen's Reef, which is situated immediately to the east of the current drilling. The high grade Cohen's Reef, which was mined in the late 1800s and early 1900s, produced approximately 1.5 million ounces of gold from 1.4 million tonnes of ore.

Additional drillholes (OBD002 and OBD003) are designed to test the geology along strike to the south of OBD001 and will be drilled from the same drill pad. Further holes are also planned to be drilled from Pad B (see figure 1) to test for extensions to the north.

Although assays from OBD001 are pending, the Company regards the intersections as very encouraging as they are in the predicted quartz-sulfide 'reef' locations and in geological settings akin to that previously mined at Black Diamond and Cohen's Reef.

Orion Gold NL recently commenced the current 6,500 metre (16 hole) diamond core drilling program at the Company's Walhalla Gold Project. The aim of the program is to test the continuity of mineralisation along the Cohen's Line and parallel structures leading to the development of high grade near surface mineral resources based upon continuous, planar, laminated reef mineralisation similar in style to the Cohen's Reef.

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.

#### Notes

1. All quoted depths are approximate and measured downhole.
2. The core requires detailed processing, geological logging and sampling.
3. Further geological assessment is in progress.