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Company Announcement Office
ASX Limited

Walhalla Gold Project Initial Drill Program - Cohen's Area

The Board has approved the initial diamond drill program at the Walhalla Gold Project scheduled to commence in approximately three weeks. The drill program will focus on the Cohen's, West 1 and West 2 mineralised structures, given their proximity to a large number of old workings and historical production centres. The proposed drill program comprises approximately 6,500 metres of diamond core.

The Directors are pleased to announce that the Company has committed to its first diamond drill program since the Company's shares were reinstated to trading on ASX on 21 July 2009.

Based upon a review of the historical mining and exploration data including previous work undertaken by Orion Gold NL, the Company has identified a number of highly prospective drill targets in the Cohen's area.

The Company considers both the Cohen's and the Ross Creek Lines of mineralisation (see Figure 1) to be highly prospective given the significant historic production (approximately 1.5 million ounces) and recovered grade (>1 ounce of gold per tonne) from the Cohen's Line and the existing resources at Tubal Cain and Eureka which are located along the Ross Creek Line (RCL). The RCL, which trends parallel to, but approximately two kilometres east of the Cohen's Line, also hosts numerous historic workings, some of which had significant historical production. In addition, there are numerous untested drill targets along the West 1 and West 2 Lines which are located in close proximity to the workings along the Cohen's Line.

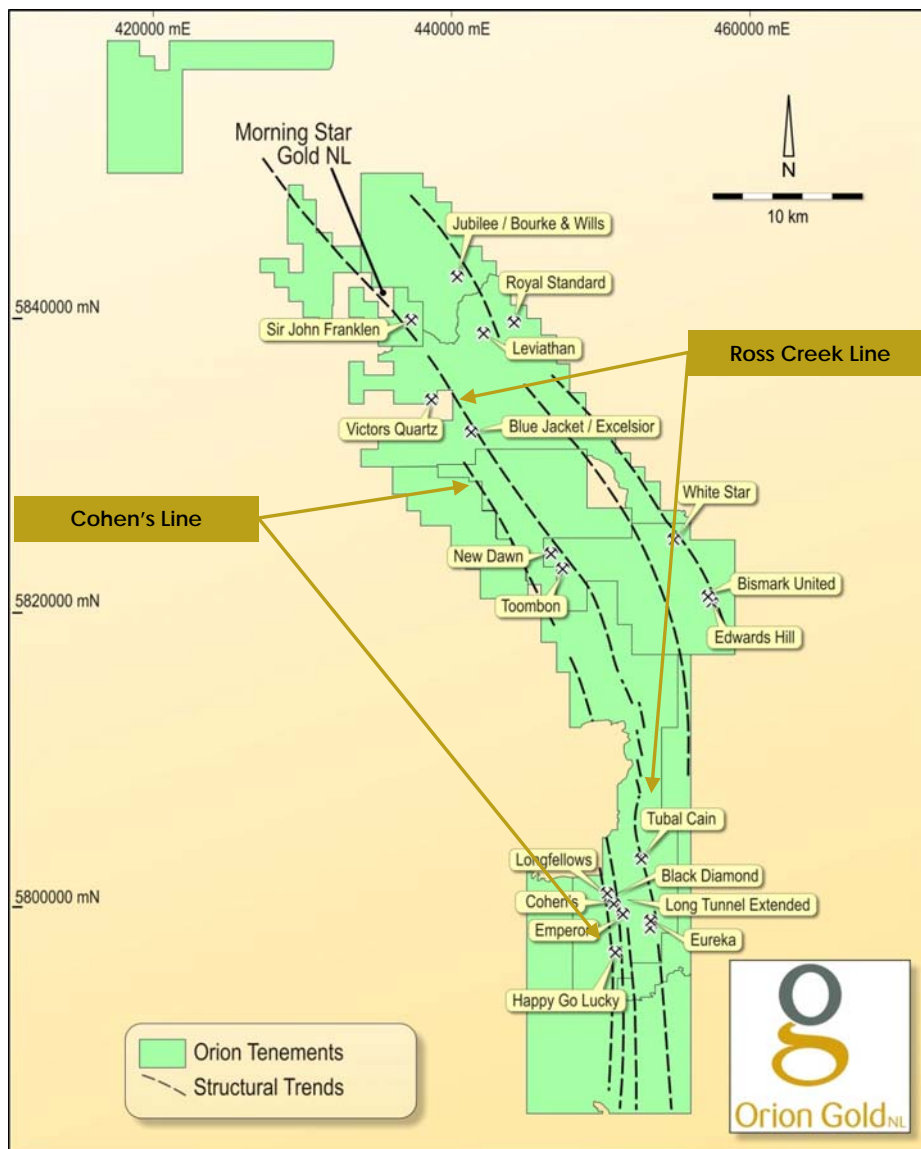


Figure 1: Walhalla Gold Project – tenement holdings

Although the Company considers its entire tenement package in the Walhalla region (730km²) to be prospective due to the numerous workings and the historic production in the area, the Company has decided to focus its initial exploration program on an area within a ten kilometre radius of the historic mines located on the Cohen's Line.

The Cohen's reef system (mined late 1800s to early 1900s) is Victoria's highest producing single reef system, with production of ~1.5 Million ounces at a head grade approaching 40 g/t Au. After approximately 40 years of mining, many basic features of the system remain unknown or poorly defined, providing much scope for successful exploration. As the spatial limits and disposition of the Cohen's Reef system and associated mineralisation remains open in all directions, much prospective ground remains untested. The high probability of remnant resources, the likelihood of discovery of extensions to known lodes and wholly new lodes, and unexploited 'stockwork' style mineralisation means that the chances of a significant resource being delineated based upon the Cohen's reef system is regarded as very good.

Given the historical production at Cohen's, the other nearby lines of mineralisation (West 1 and West 2) have been subject to minimal exploration. Importantly, previous mining has largely concentrated upon the Cohen's Line, so the potential for near surface ore being delineated along the West 1 and 2 trends is considered high. This potential will be tested in the initial drill program.

The gold endowment of the West 1 and West 2 structures has the potential to be similar to that of the main Cohen's structure, especially as cross-sections by the likes of Herman (1901) and Baragwanath (1918) interpret West 1 and West 2 as splays from the major reverse fault that constitutes Cohen's reef. Based on this interpretation, West 1, West 2 and Cohen's appear to be part of the same mineralised system (see Fig 2).

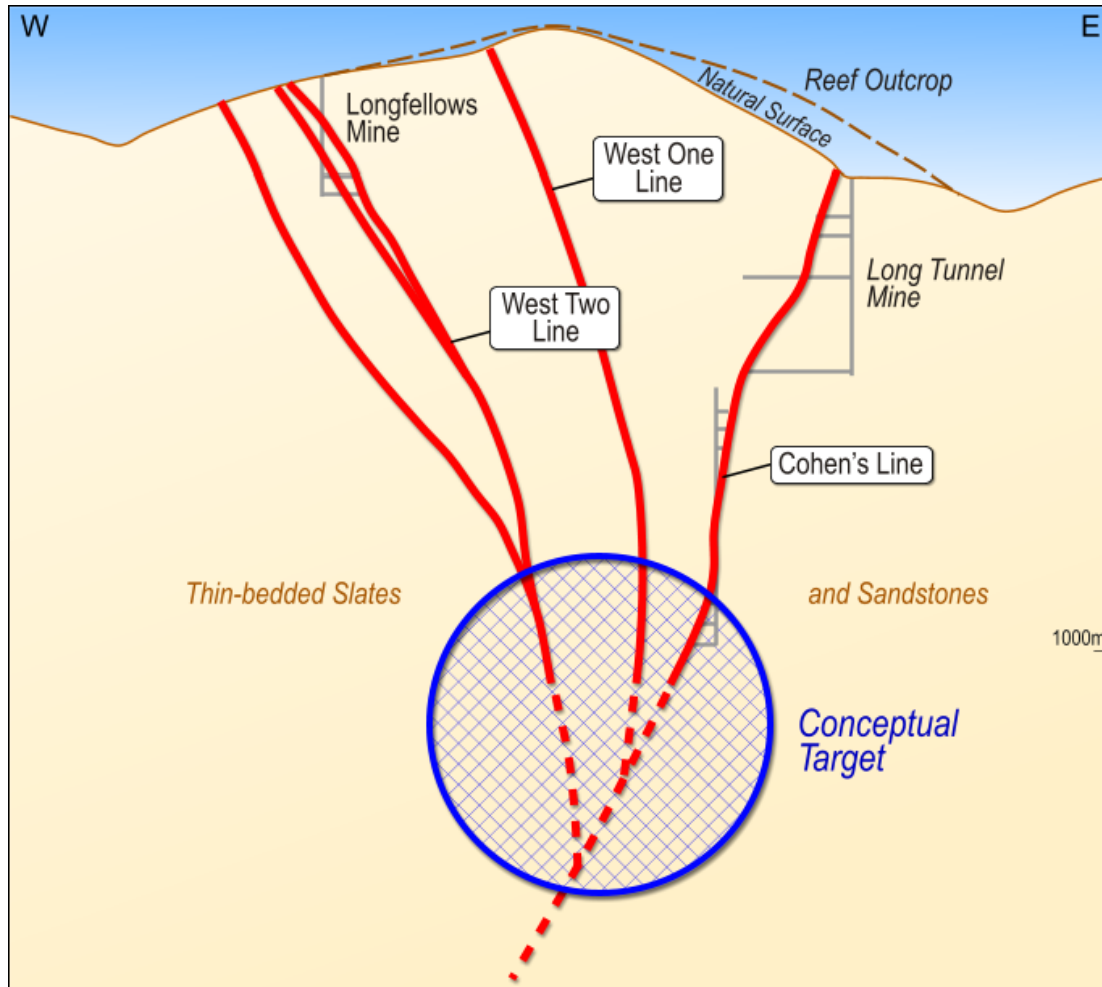


Figure 2: Cohen's Deeps Cross Section (modified after Herman, 1901)

Initial Drill Program

The principal aim of the initial program is to drill test targets which are considered to have the potential to deliver near surface resources which will support the development of a mining operation in the medium term.

Following geological assessment and prioritisation of the numerous drill targets, the Company intends to establish the veracity and extent of the near surface West 1 mineralisation (and possible parallel structures) through drill testing, together with the drill testing of the relatively shallow Cohen's North target. In addition, an initial program similar in scope to the West 1 program is planned for the West 2 line, including holes in the vicinity of the Longfellows and Happy-Go-Lucky workings".

The position of the various mineralised trends and the location of suggested targets for drilling is shown in figure 3.

The drill program is designed to:

- Confirm the continuity of mineralisation along the West 1 Trend by drill testing the Meulemans - Kleins - Black Diamond - Overseas Option - New North Long Tunnel series of workings.
- Test potential extensions of Cohen's Reef. A priority exploration target has been identified in the northern part of Cohen's that will be drilled from surface as part of the West 1 program. The target area is the northern (up plunge) extension of the interpreted upper shoot that was mined by the Long Tunnel Extended Company. If this shoot continues northwards into the North Long Tunnel ground, a large block of unexploited ore may exist relatively close to surface.

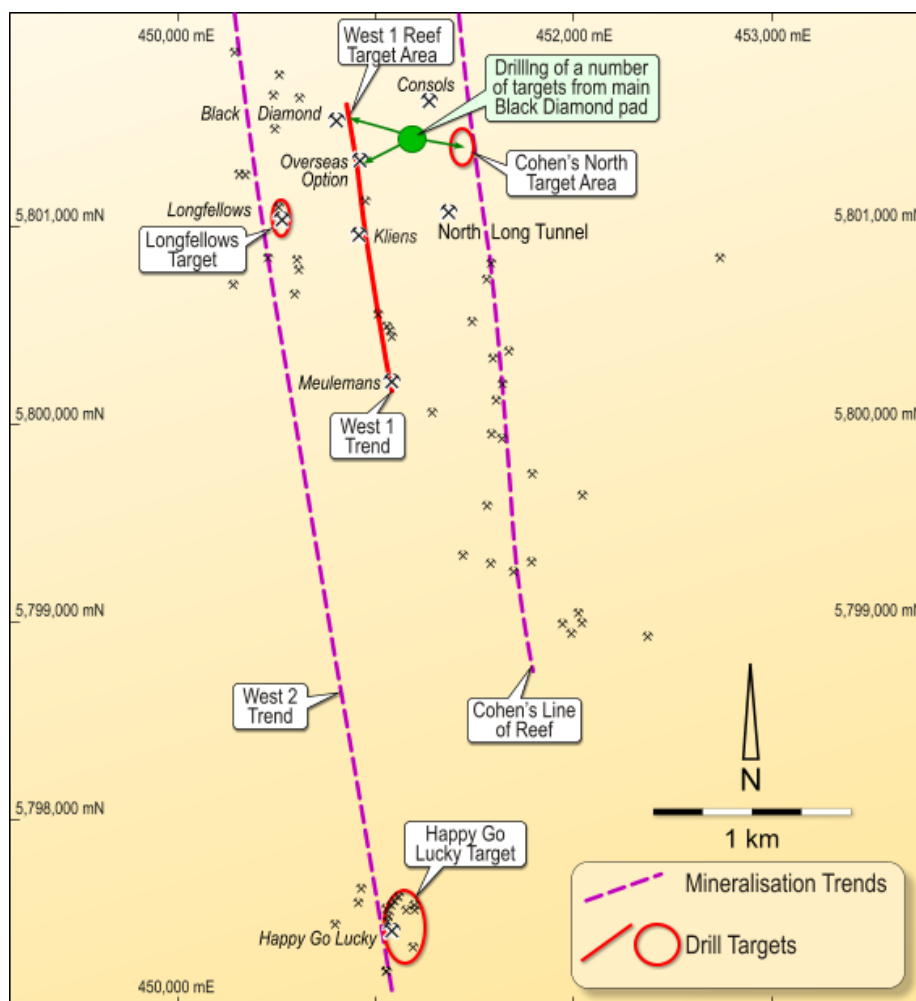


Figure 3: Drill Targets Map - outlining the position of mineralised trends in the Cohen's area and the location of drill targets.

A summary of the proposed drill program is shown below.

Area	Target	Number of holes	Metres	Aim
West 1	Meulemans to New North Long Tunnel	10	4,000	Establishing continuity of reef mineralisation over ~900m strike length
Cohen's	Up-plunge extension of LTE Co. high grade shoot	2	1,200	Establish continuation/presence of mineralisation
West 2	Longfellows	2	800	Establish nature of reef at depth
West 2	Happy-Go-Lucky	2	500	Establish nature of reef at depth
		16	6,500	

Following the initial 6,500 metre drill program, the Company plans to undertake follow up drill programs aimed at delineating JORC compliant resources and or, to further test any encouraging drill results or other related targets.

Denis Waddell
Executive Chairman