

20 October 2014



QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 30 SEPTEMBER 2014

ASX Code: ORN**Issued Capital:**

Ordinary Shares: 244M

Options: 88M

Directors:**Denis Waddell**
Chairman**Errol Smart**
Managing Director, CEO**Bill Oliver**
Technical Director**Alexander Haller**
Non-Executive Director**Management:****Kim Hogg**
Company Secretary**Martin Bouwmeester**
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HIGHLIGHTS

Exploration

- **Maiden drill program completed at Pennor Prospect, Fraser Range:**
 - Confirmed the presence of a large 4.5km² mafic-ultramafic intrusion at Pennor, similar to the intrusion which hosts the Nova Nickel Deposit in the Fraser Range.
 - Drilling intersected prospective lithologies for magmatic nickel-copper mineralization (coarse grained norites/gabbro-norites).
 - Drilling results define coherent nickel anomalies over an extensive area within the Pennor mafic intrusion.
 - Detailed analysis of geochemical data indicates magmatic processes have occurred which are likely to concentrate nickel-copper in the "plumbing system" of the intrusion or the basal area of the magma chambers.
- **Significant intermediate sulphidation epithermal gold-silver target outlined at Connors Arc Project in Queensland:**
 - Initial phase of exploration completed including data review, scout fieldwork and mapping by a team of leading epithermal experts.
 - Aurora Flats epithermal system has a well-developed vein swarm extending over a combined 3.5km strike trend and width of 1km.
 - The system is well preserved. The current erosional surface is close to palaeo-surface level and is above critical depth for ore deposition.
 - The target depth for the top of highest grade gold-silver mineralization is 200-300m below surface.
 - Strong epithermal veins are observed at a high elevation in the system. These veins, together with diagnostic geochemistry, bode well for the discovery of robust mineralised veins at the optimal depth in the system.

Corporate

- **Orion to raise up to \$2.43 million via pro-rata renounceable entitlements issue to shareholders at 3.0 cents per share. Entitlements issue underwritten to \$1.0 million by Orion directors and sophisticated and professional investors.**
- **Finalised loan facilities totalling \$0.85 million (drawn down \$0.34 million as at 30 September 2014).**
- **Entered into option agreement with A1 Consolidated Gold Limited for A1 Gold to acquire Orion's Walhalla Project tenements in Victoria.**

Exploration

The Company continued to progress its projects in the Fraser Range Province of Western Australia and the Connors Arc Project in Queensland during the September 2014 Quarter. During the Quarter, the Company made significant steps at its Connors Arc Epithermal Gold Project by outlining a highly prospective gold-silver epithermal target based on fieldwork at the Aurora Flats Prospect, which is located within the Connors Arc Project area.

In the Fraser Range, the Company completed its first drill program at the Pennor Prospect and successfully confirmed the presence of a large mafic-ultramafic intrusion. Geochemical results defined a 1.8km² area with anomalous nickel assays and provided evidence of crustal contamination and magmatic processes which are likely to concentrate nickel-copper bearing sulphides.

The Company is following up these results at Fraser Range and Connors Arc and has engaged geophysical contractors to carry out a high powered IP/resistivity survey at Aurora Flats and a high powered ground EM survey at Pennor. These surveys are both anticipated to commence in coming weeks.

Fraser Range - Nickel-Copper and Gold-Projects (Western Australia)

Peninsula Prospect

During the Quarter, the Company completed a program of 93 shallow aircore / shallow RC drill holes at the Pennor Prospect (Figures 1 & 2; refer ASX release 2 September 2014). The drilling program was designed as a first test of a previously undrilled area and successfully defined priority target zones within the Pennor Prospect.

The 3,305m aircore drilling program sampled fresh rock under 25m - 40m of transported cover within the magnetic low, geophysical target at Pennor. All holes intersected bedrock, providing Orion with a comprehensive geological and geochemical dataset to assist in targeting deeper follow-up drilling. Drilling systematically sampled the intrusive complex at/immediately above the top of fresh rock and mapped out the depth of cover above the mafic intrusion.

The program confirmed the presence of a substantial mafic-ultramafic intrusion at Pennor covering an area of 4.5km². Significantly, several holes intersected coarse grained norites and gabbro-norites (mafic-ultramafic intrusive rocks), prospective for magmatic nickel-copper mineralization, with apparent igneous textures and relict olivine crystals as well as occasional sulphides (refer ASX release 2 September 2014). The presence of these rocks indicates areas worthy of follow-up drilling, which are shown in red on Figure 2.

Assays from drilling were received during the Quarter (refer ASX release 17 September 2014) with results covering an area of 1.8km² returning significantly anomalous values (>500ppm Ni), with a peak assay of **1,260ppm Ni** (Figure 2). Anomalous values are determined based on results from previous drilling at HA2 (refer ASX releases 13 May 2014, 15 July 2014).

The mineralised intersections define a largely coherent area of elevated nickel-copper within the Pennor intrusion (as outlined in yellow on Figure 2) which is largely coincident with the most prospective lithologies based on hand specimen observations (red outlines; Figure 2). These areas of interest lie close to the interpreted contacts of the mafic intrusive and are consistent with the deposit model for magmatic Ni-Cu mineralization (refer to Investor Update – 9 September 2014 with further details in webcast on 11 September 2014).

Elevated nickel values (PLAR0207) intersected in a thin mafic sliver to the west of the interpreted main mafic intrusive body (Figure 2) may be related to a feeder zone to the main mafic body.

Figure 1. Plan showing key targets at the Fraser Range Project over data from historical high resolution aeromagnetic survey (as reprocessed by Orion).

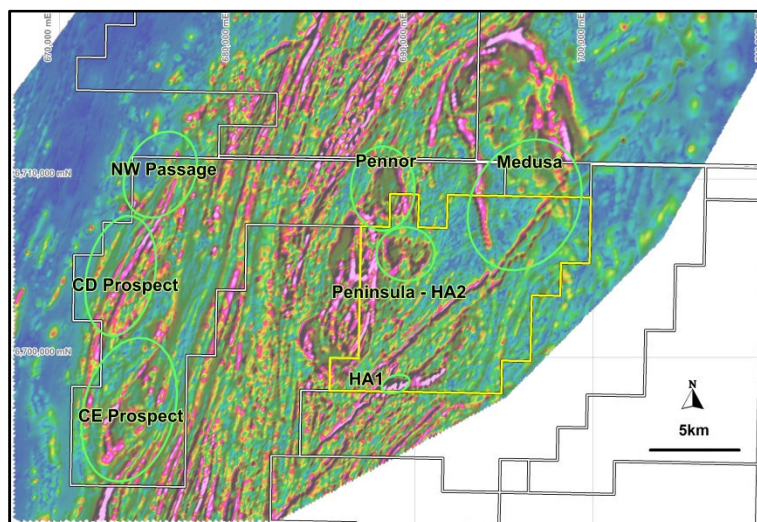
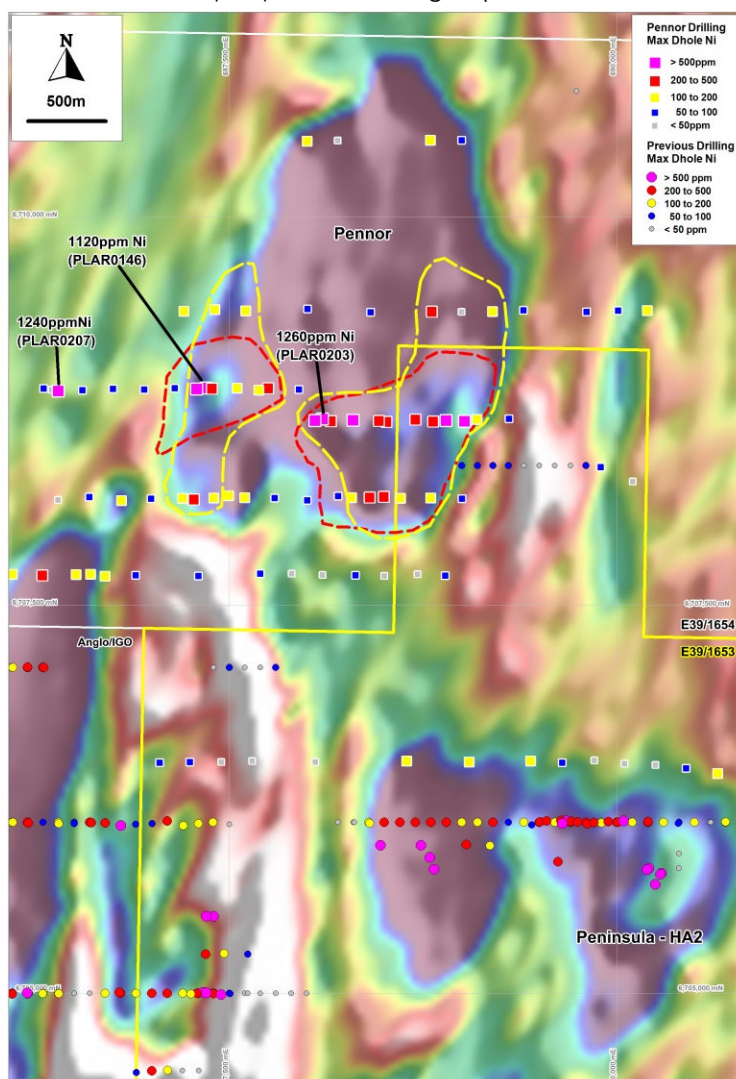


Figure 2. Plan showing maximum downhole nickel in Pennor drilling, along with historical and other Orion drilling. Yellow outlines show geochemical anomalies while red outlines delineate areas with prospective lithologies (refer ASX release 2 September 2014).



Significantly, the nickel assays from the recent Pennor drilling are higher in tenor than those returned from the equivalent end-of-hole samples in the 2013 aircore program at Peninsula-HA2 (refer ASX release 17 September 2014), emphasising the prospectivity of the Pennor intrusive. Wide (>50m) zones of nickel-copper mineralization were intersected in follow up RC drilling at Peninsula HA2, which targeted those aircore anomalies.

A detailed geochemical review of samples from the recent drill program was carried out by Professor Reid Keays from Monash University, a world-leading specialist in the geochemistry of mafic and ultramafic intrusions as well as their link to magmatic ore deposits. The review has verified, based on extended "spidergrams" showing REE (rare earth element) and other trace element concentrations (Figure 3), that the Pennor intrusion is co-magmatic with the HA2 intrusion. This means they were formed in the same magmatic event from the same melt source. This confirms the key hypothesis that led the Company to prioritise Pennor as a target (refer ASX release – 15 July 2014).

Geochemical data indicates that:

- Pennor and HA2 are co-magmatic;
- Pennor contains both more primitive and more fractionated rocks than HA2; and
- Cu (and Ni) are indicated to have been segregated from the sampled Pennor magma as result of crustal contamination and sulphur saturation (rather than by fractionation alone).

These key observations are very positive for Pennor and the feeder system to Pennor. Geochemical evidence implies that nickel and copper have been segregated into sulphides and migrated out of the upper magma to be concentrated along basal contacts, leaving the upper zones of the magma chamber (the sub-surface exposure sampled by this drilling program) relatively depleted and the basal zones within chambers and conduits relatively enriched.

The ore-forming processes that result in Ni-Cu sulphides such as those which Orion is targeting have the characteristic that they cause an initial fertile magma to separate and segregate Ni-Cu sulphides which, because they are twice as dense as the silicate magma, settle downwards, leaving the upper portion of the magma relatively depleted in Ni and Cu.

It is the nature of these deposits that gravity plays a key role in concentrating the sulphides segregated out into the base of the magma. Therefore, identifying depleted magmas in the hanging-wall sequences could be a very positive indicator for what may be present below.

Significantly, the geochemical data of Pennor shows that the samples taken from the Pennor intrusion are relatively depleted in copper (Figure 3) compared to the bulk magma, at the elevation sampled. The non-linear relationship between Cu and Ti (Figure 4) indicates that crustal contamination is the driver for sulphur saturation and segregation of magmatic sulphides, which can then be concentrated to form ore deposits.

Figure 3. Extended spidergram plot showing rare earth and other diagnostic trace element data (Refer ASX release 26 September 2014) – grey shaded area shows results from HA2 samples (refer ASX release 15 July 2014).

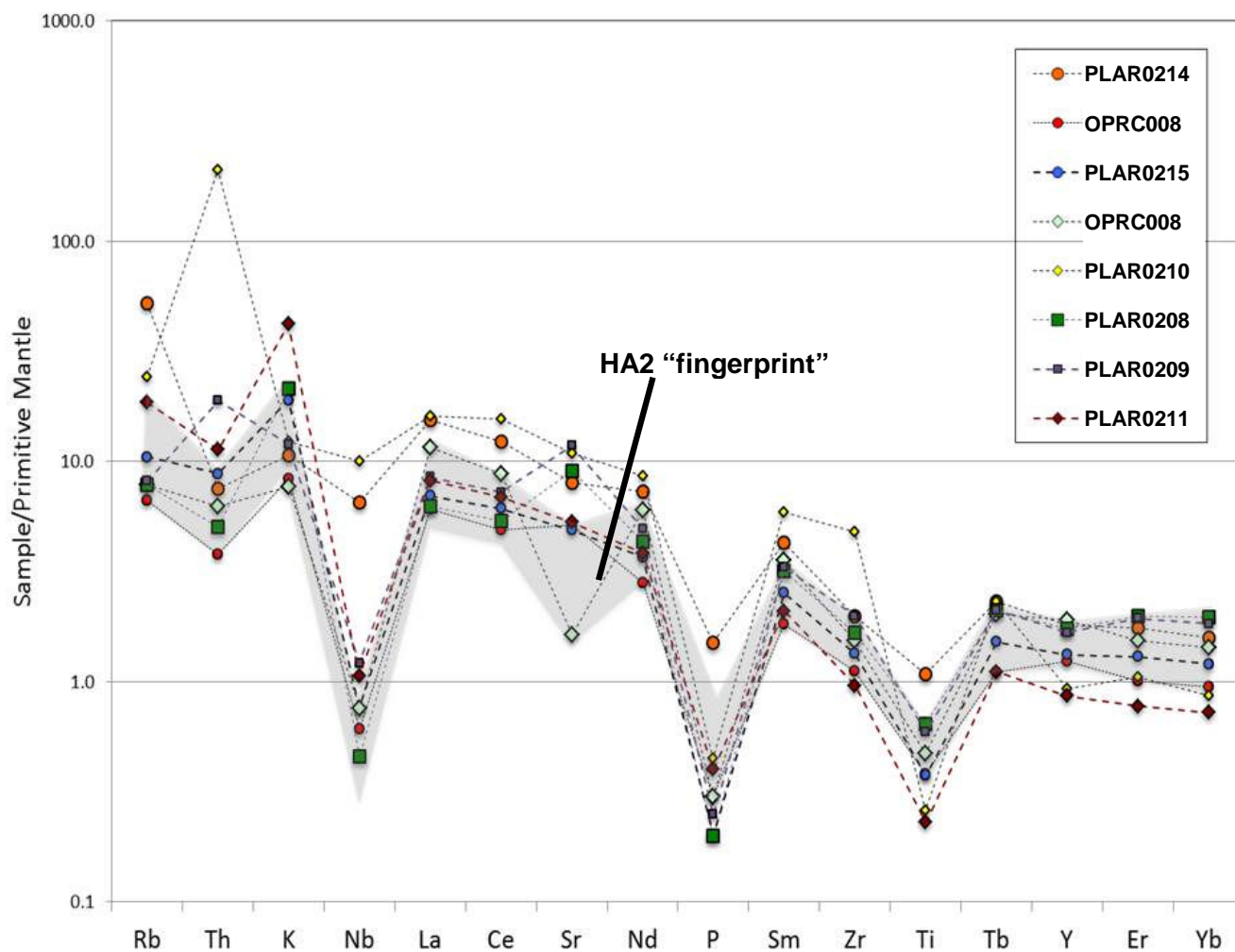
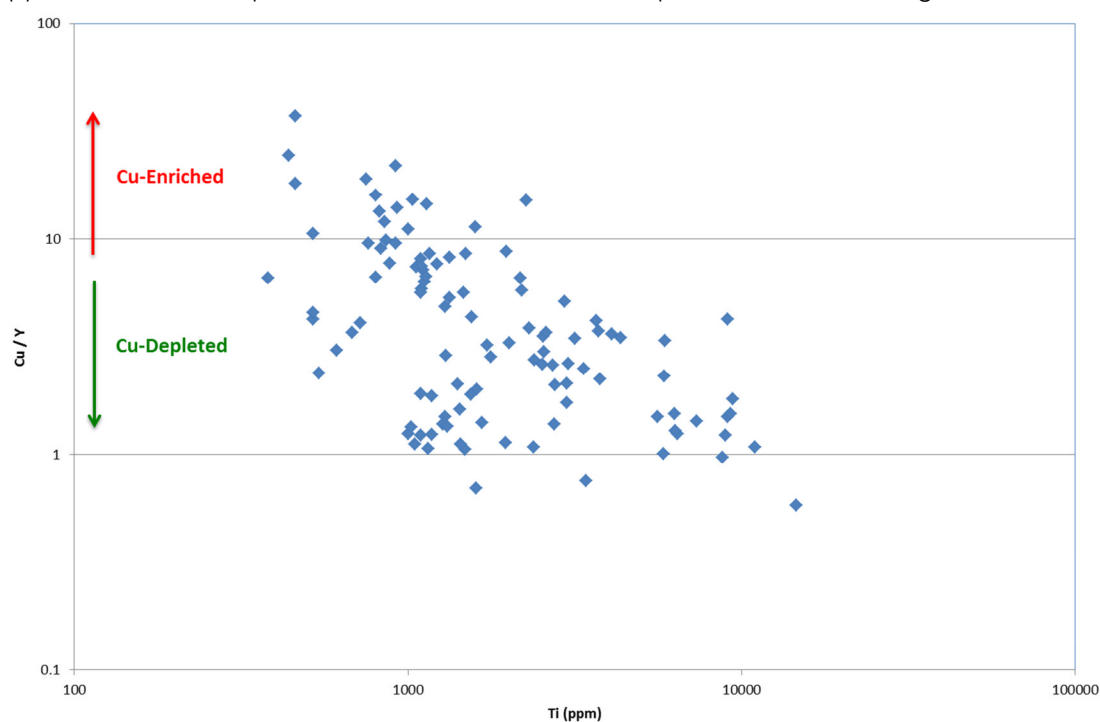


Figure 4. Copper/Ytterbium ratio plotted vs titanium content for samples from Pennor drilling.



The results returned are a very encouraging sign for the prospectivity of Pennor and its feeder conduits as this process is more likely to result in mass-scale sulphide deposition, than what is likely to result from fractionation alone.

The metals carried by the Pennor magma have been concentrated within the system and are most likely in basal zone of the magma chamber, and/or lower down within the "plumbing system" or feeder zone. This conforms to the classic deposit model for magmatic Ni-Cu mineralization (refer to Investor Update – 9 September 2014 and explained further in webcast on 11 September 2014).

The focus for the Company for sulphide accumulations is intensified on the basal contact(s) of both the Pennor and HA2 intrusions, and their feeder conduits.

The Company awaits the petrographic descriptions for the Pennor aircore samples, which may assist with 3D vectoring within the intrusive geometries.

The Company has engaged a contractor to carry out a high powered ground EM across the target zones at Pennor (Figure 2) to identify sulphide accumulations in the basal zone and lower feeders. A high powered IP survey is also planned for this area.

Background

The Fraser Range Project is located between two world-class discoveries, being the Tropicana Gold Project to the north, owned by Independence Group and AngloGold Ashanti and the Nova Nickel-Copper-Cobalt Project to the south, owned by Sirius Resources (Figure 5). The tenement areas cover prospective targets for both Tropicana-style gold and Nova-style nickel deposits, with historical geochemical anomalies and scout drilling identifying bedrock mineralization of both minerals.

Nickel-PGE exploration in the Peninsula Project, to the north-east of the Cundeelee Shear Zone, was carried out by Western Areas NL between 2000 and 2006. Scout RC drilling in 2005 yielded intersections of gabbro-norite and other mafic units which were interpreted to represent differentiated mafic intrusives, similar to those which were later discovered and host Sirius Resources' Nova-Bollinger nickel-copper-cobalt deposit. Exploration of the Peninsula Project pre-dated the Nova-Bollinger discovery and the Company has now reinterpreting data from the Project in that context and acquired additional geophysical data to generate targets for drilling to test for deposits obscured by surface cover. In December 2013, the Company carried out its maiden drilling program at the Peninsula Project and successfully identified prospective mafic-ultramafic intrusive lithologies in areas where intrusive bodies had not previously been identified. RC drilling at Peninsula in early 2014 yielded anomalous Ni-Cu results which are the subject of current work programs.

In addition, a total of 23 Ni-Cu-PGE targets have been generated based on geophysical, geochemical and geological criteria across the Company's substantial landholding of almost 5,000km². The Company's interest in these tenements is between 70 - 100% and includes 1,942km² of granted tenements and 2,552km² of applications where the company and its partner are the sole or priority applicant.

At the Company's Cundeelee Gold Project, anomalous gold-in-calcrete geochemistry is coincident with the regional scale Cundeelee Shear Zone and extends for a significant distance along this shear zone. Aircore drilling by Dominion Mining (comprising 1,131 holes for 52,595m between 2006 and 2011) principally targeted these geochemical anomalies with encouraging results. However, only two RC holes were drilled to test for mineralization below supergene anomalies.

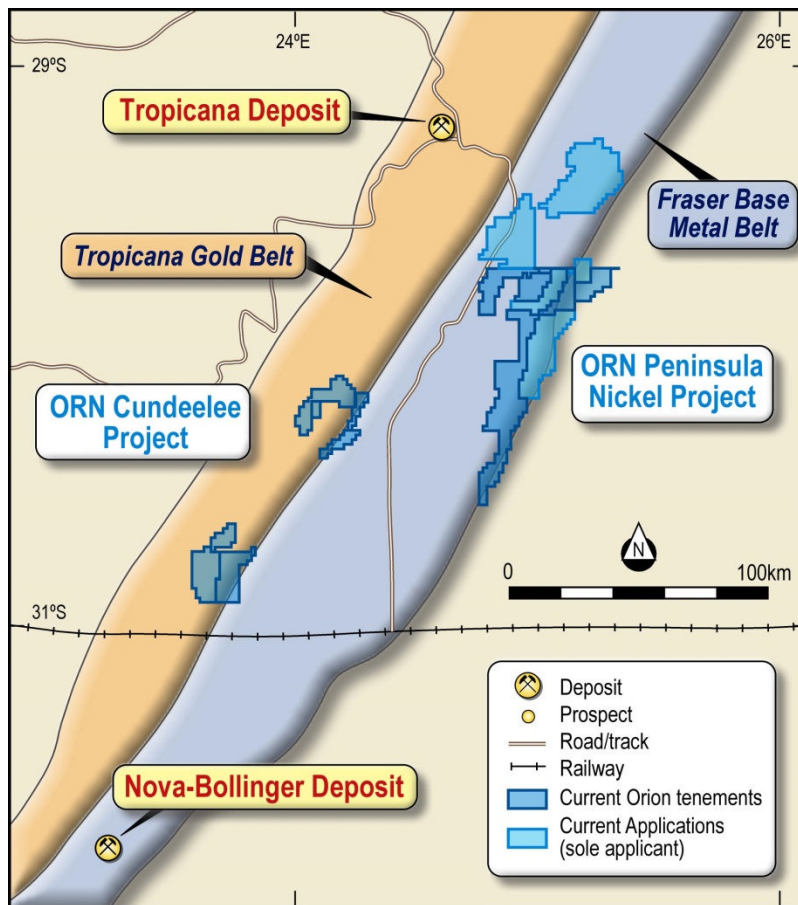


Figure 5: Location of tenements in the Fraser Range Project.

Connors Arc Epithermal Gold Project (Queensland)

During the Quarter, the Company commenced active fieldwork at its 100%-owned Connors Arc Project, located 180km from Rockhampton in Central Queensland Australia.

The initial work undertaken yielded immediate results with a substantial and highly prospective intermediate sulphidation target outlined at Aurora Flats (refer ASX release 8 September 2014). This style of deposit is globally significant and accounts for a substantial proportion of world gold production. Examples include Acupan, Baguio in the Philippines and Pachuca in Mexico.

Reconnaissance field mapping traced the surface expression of outcropping veins and allowed observation and interpretation of the textures of these veins. Vein textures are a strong diagnostic feature for depth of formation in epithermal mineral systems. The program also incorporated a review of the historical exploration database with particular focus on re-interpretation of the geology and geochemical data from the shallow drilling.

The review was carried out by Professor Noel White and Bruce Wilson, both highly experienced epithermal mineralization experts. Their key findings were reported to the ASX on 8 September 2014 and include:

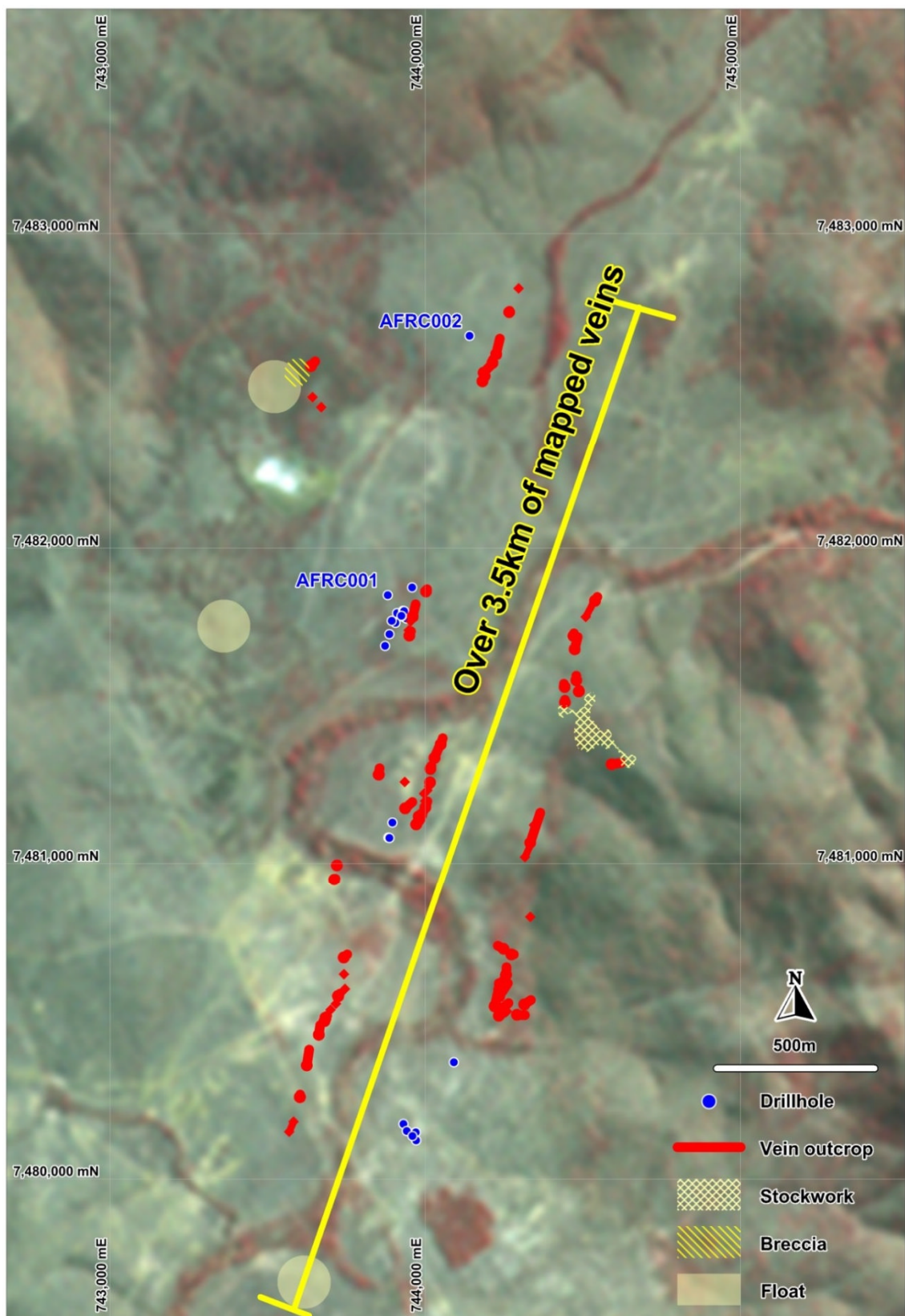
- A strongly developed quartz vein swarm, with several sub-parallel veins, stock-works and showings trend north-easterly along the Aurora Flats, extending over 3,500m of strike trend and 1,000m width (Figure 6);
- Over 80 individual, coherent vein occurrences with widths from 0.3m to 4m wide were observed and mapped;

- The vein textures are clearly indicative of veins at very high level (upper 100m) in the epithermal system;
- The veins are encouragingly robust given their high elevation in the system;
- Short Wave Infrared Red "SWIR" analysis of retained historic drill chips conducted for the Company by James Cook University, confirms low temperature mineral assemblage consistent with high elevation in system;
- The target depth for the top of the critical zone of high grade Au and Ag mineralization is interpreted to be at 200-250m below surface and could be expected to extend to as deep as 1,000m, based on deposit models derived from analogous deposits which have been explored and mined globally;
- Manganese nodules and staining are commonly observed on outcrop;
- Historic shallow percussion and RC drilling tested veins to a depth of 80m below surface and encountered elevated Mn, Pb, Zn values together with Ag values which are mostly orders of magnitude higher than Au values (refer ASX release 15 July 2013);
- Elevated Mn, Pb, Zn combined with Ag contents far greater than Au tenor in the high elevations of an epithermal system are diagnostic indicators for Intermediate Sulphidation ("IS") epithermal systems;
- The proximity of this prospect to the known Mt MacKenzie High Sulphidation ("HS") Au deposit, approximately 10 kilometres to the South East of Aurora Flats, fits well with an IS deposit;
- Although historical shallow RC and percussion drilling tested the horizon vertically above the zone expected to be prospective for the highest grade gold and silver mineralization, drilling did return several significant intersections from vein material at approximately 80m below surface including 1m at 1.14g/t Au and 77g/t Ag (refer ASX release 15 July 2013). The intersections of veins in this drilling with significant gold + silver grades indicate the metal endowment of a system with a high metal budget;
- The veins are intruded into a suite of andesitic volcanic rocks, overlain by rhyolitic volcanic rocks. Fine grained, competent, massive andesites are considered optimal hosts for IS epithermal vein deposits when encountered within the target, critical depth zone.

Following these results the Company has decided to prioritise near-term exploration activities at Connors Arc. The first step will be to carry out a localized high power resistivity and chargeability geophysical survey over the Aurora Flats vein swarm area. Based on results from this survey drilling programs will be planned and implemented.

The Company has engaged its preferred contractor to carry out this geophysical survey and it is currently scheduled to commence in early November 2014.

Figure 6. Epithermal Quartz Veins Mapped on Aurora Flats



During the Quarter, the Company made further tenement applications in the Connors Arc contiguous with its existing tenements (Figure 7). If granted, the total area of the Project will increase to over 2,000 square kilometres. At this point in time the Company believes there are no competing applications for the areas under application.

Prospects include Six Mile Creek (where veins displaying epithermal textures have been mapped over 1.5km in strike and historical soil sampling and shallow drilling has been completed), Ironstone Creek (first located in 1998 based on regional stream sediment sampling with gossans mapped along with extensive alteration) and Killarney where veining has also been mapped along with geochemical signatures characteristic of epithermal systems. It should be noted that this information is based on open file reports and associated data and Orion's immediate priority on grant will be to map and sample these prospects and verify these historical descriptions.

It is important to note that a number of these prospects lie along a northeast trend (Figure 7). As outlined in the ASX release of 15 July 2013, this trend orientation is also seen in gold in stream sediment sampling across the New England Fold Belt in Queensland, and is interpreted to coincide with 'belts' of Permo-Carboniferous aged intrusions focused along deep-seated, arc-normal structures. Orion's new tenement applications cover a number of these NE-trends, which are highly prospective for epithermal mineralization.

Background

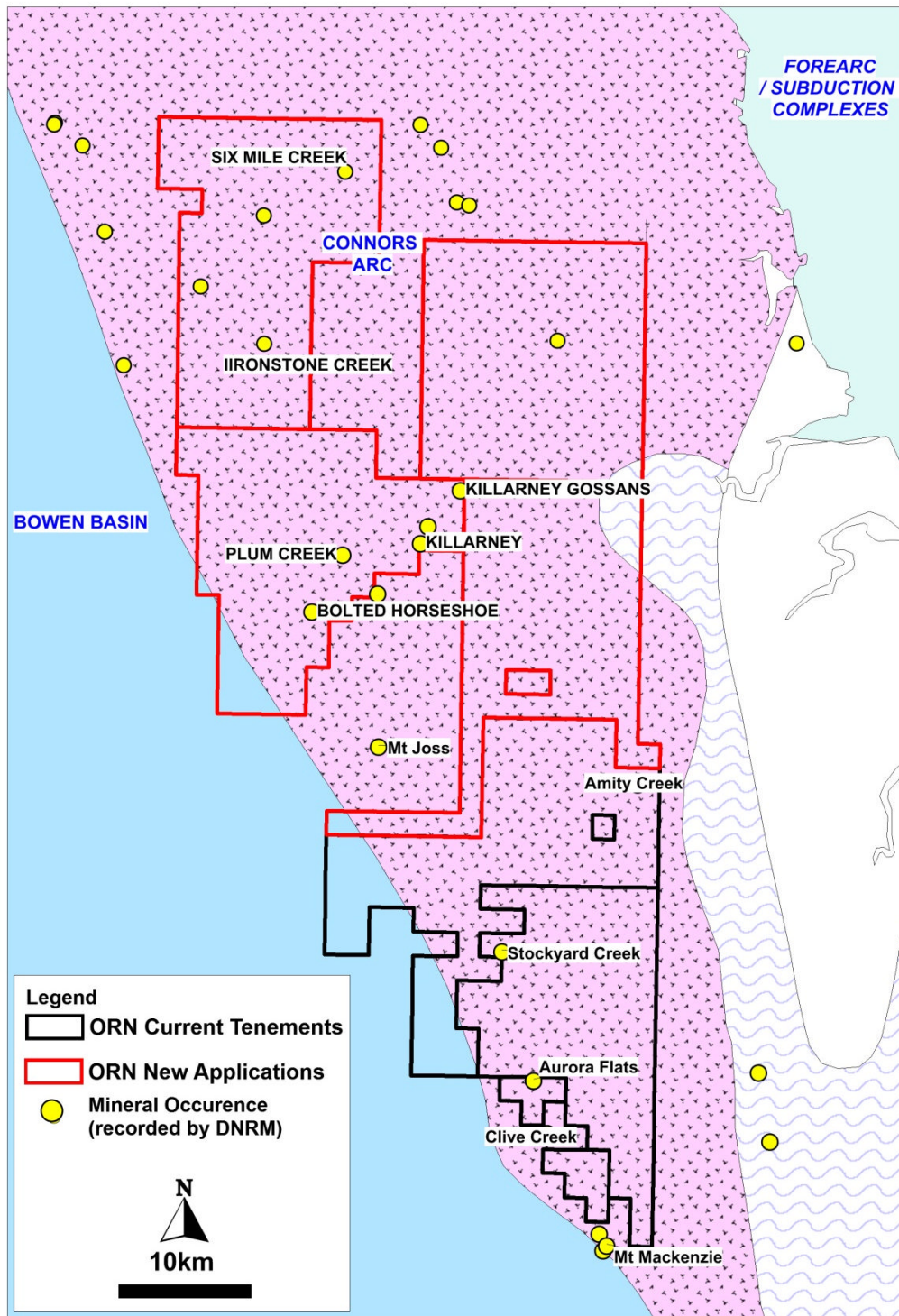
The New England Fold Belt in Queensland hosts numerous +1Moz Devonian through to Triassic aged epithermal and intrusion-related Au deposits. Many of these are Permian – Carboniferous aged systems and are intimately associated with intrusive lithologies of similar age.

Orion's Connors Arc project area is located within a geological and structural setting very similar to other significant epithermal gold systems in Queensland. Notable features include close proximity to the eastern margin of the Bowen Basin and prospective, Permo-Carboniferous aged volcanic and intrusive lithologies. In addition:

- Key prospects are spatially associated with a large, magmatic hydrothermal system (Mt Mackenzie);
- This hydrothermal system is located within a geological and structural setting which is very similar to other significant epithermal gold systems in Queensland such as Cracow and Mt Carlton and is of the same broad age (Permo-Carboniferous) as many other intrusion-related gold systems in Queensland; and
- Geological and geochemical characteristics in historical drilling which suggests that some prospects may be shallowly eroded, implying potential for higher gold grades at depth and existence of blind to surface ore bodies.

In addition, several targets have been identified based on coincident ASTER alteration, geological and geophysical features which represent grass-roots additions to the project's target portfolio, which complement more mature targets such as Aurora Flats.

Figure 7. Plan showing location of Orion's new license applications in Queensland as well as mineral occurrences recorded by the DNRM.



Walhalla Gold & Polymetals Project (Victoria)

Walhalla Polymetals Project, Victoria (PGE-Copper-Nickel)

During the Quarter, no exploration activity was carried out on the Walhalla Project. Please refer to the Corporate section for details of the Option Agreement entered into with A1 Consolidated Gold Limited ('A1 Gold') on 29 August 2014 where A1 Gold may acquire Orion's Walhalla Project tenements in Victoria.

Background

The Walhalla – Woods Point District is most widely known as the third largest goldfield in Victoria, with significant past production exceeding 4 million ounces of gold at a reported head grade of over 25g/t gold. The current JORC resources comprise 268,000 ounces of gold in the Inferred category (detailed in Appendix 1).

While the Walhalla – Woods Point District is mostly known for gold mining, high grade copper - nickel and PGE mineralization also occurs within the belt. Both mineralization styles are hosted by dykes from the Woods Point Dyke Swarm (WPDS), a series of ultramafic to felsic dykes occurring over a 75km long north-south belt which are now interpreted to be the "plumbing" for a magmatic system of significant scale. The same studies have also developed a co-genetic model for the gold and the "polymetal" mineralization. Five key Cu-Ni-PGE occurrences are known within the WPDS and three of these lie with Orion's tenement package (Figure 8). Despite these occurrences being known, sampled and, in the case of Coopers Creek, previously mined, there has been only been sporadic exploration for polymetallic deposits (mostly in the 1970's & 1980's).

The new understanding of the related polymetal and gold mineralization in this district, as well as the model for mineralization to be controlled by magmatic processes, has lead Orion to a new focus on exploration for polymetal, dyke-hosted deposits. The bulk of each individual dyke will likely exhibit only traces of sulphide mineralization and minor Cu-Ni-PGE anomalism, however, examples such as Coopers Creek clearly demonstrate the potential for accumulation of sulphides in structural traps, resulting in zones of high grade mineralization. Subsurface geometry of each dyke occurrence is considered one of the crucial factors in the development of such zones of sulphide accumulation and high grade mineralization.

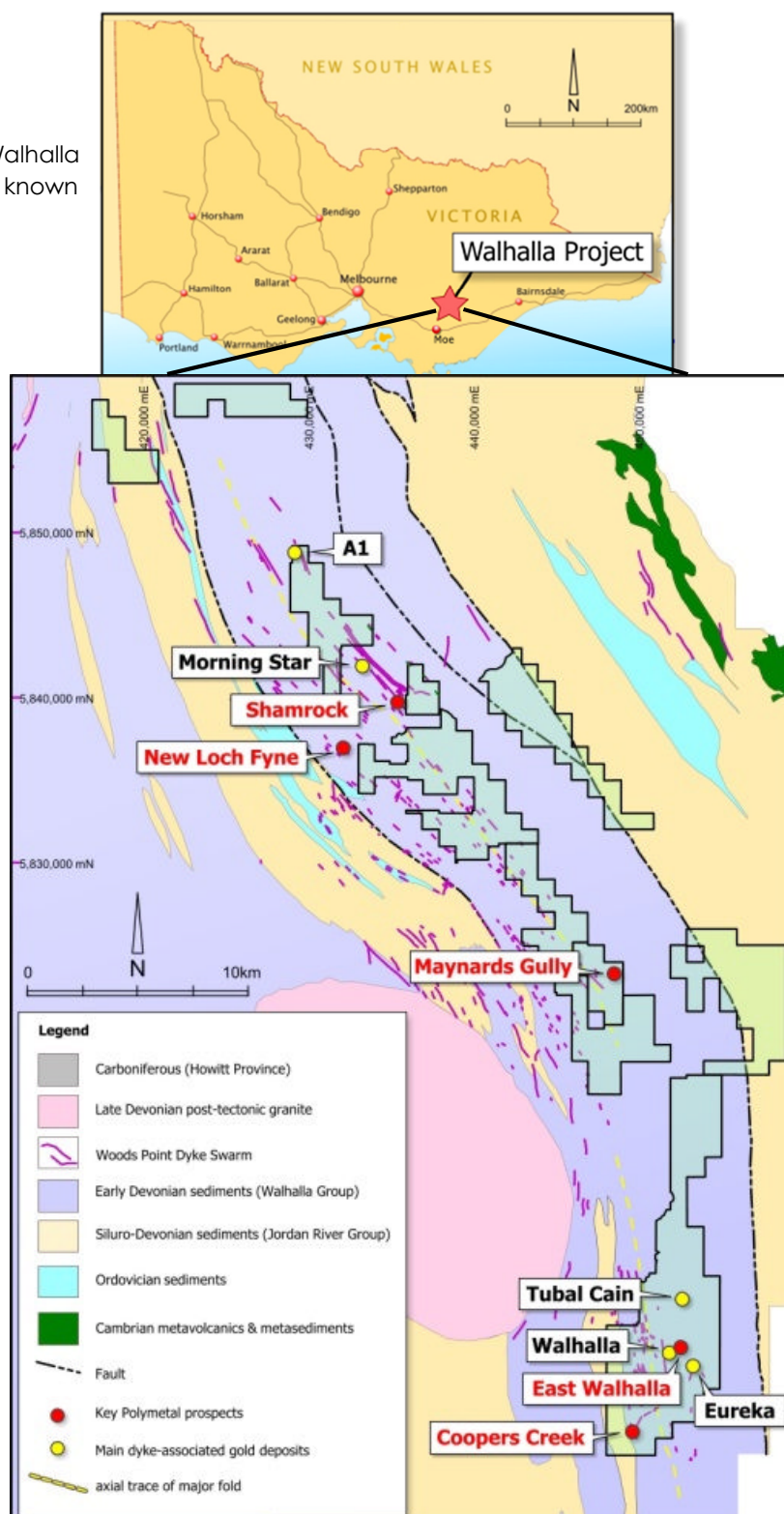
Orion recognises the opportunity presented by these unique deposits as well as their potential value, illustrated in Table 1 by the valuation of the metal content intersected in historical drill hole CC003.

Table 1. Metal equivalent grade calculations for drill hole CC003 (Coopers Creek), drilled by Ausplat Minerals/Golden Shamrock, 1988

	Price	Over 36 Meters				Over 3.5 Meters			
		Grade	US\$ value/tonne	Au equivalent	Cu equivalent	Grade	US\$ value/tonne	Au equivalent	Cu equivalent
Au	\$1,217	0.39g/t	15.25	0.39g/t	0.23%	1.3g/t	50.85	1.30g/t	0.75%
Pt	\$1,300	0.78g/t	32.60	0.83g/t	0.48%	1.16g/t	48.48	1.24g/t	0.72%
Pd	\$802	1.08g/t	27.85	0.71g/t	0.41%	1.64g/t	42.29	1.08g/t	0.63%
Ag	\$17.11	8.6g/t	4.73	0.12g/t	0.07%	14.4g/t	7.92	0.20g/t	0.12%
Cu	\$6,735	1.75%	117.86	3.01g/t	1.75%	3.23%	217.54	5.56g/t	3.23%
Ni	\$16,500	0.20%	33.00	0.84g/t	0.49%	0.53%	87.45	2.24g/t	1.30%
Total			\$231.29	5.91g/t	3.43%		\$454.53	11.62g/t	6.75%

Note on Table 1: Orion has considered the in-situ grades reported in the context of the metal prices as reported by the London Bullion Market Association, the London Platinum & Palladium Fixing Company and the London Metal Exchange on 30 September 2014. The gangue and ore mineral assemblage as reported for the intersection is typical of PGE ores commonly mined in Southern Africa where >90% of world PGE production takes place. The metals and minerals identified are conventionally recoverable to a sulphide concentrate with standard metallurgical practices and a reasonable expectation of recovering >90% of each of the ore minerals. The concentrates produced can be expected to have composition typical of those commonly purchased and/or toll treated by base metal + PGE refineries in South Africa. The Competent Person is thus of the opinion that the metal equivalent estimate is a reasonable approach as an initial indication of economic merit of the mineral occurrence. The metal equivalence is stated as gold equivalence for Orion, which is a gold exploration and development company and has reported JORC compliant gold resources on the same tenement. Copper equivalence is also stated since copper is the metal contributing most economic value in the intersection.

Figure 8: Location of the Walhalla Gold-PGE Project showing known Cu-Ni-PGE occurrences.



Tenement Schedule

Tenement	Project	Ownership Interest	Change in Quarter	Joint Venture Partner
Western Australia				
E28/1298	Fraser Range	85%	---	Quadrio Resources Ltd
E28/1299	Fraser Range	85%	---	Quadrio Resources Ltd
E28/1345	Fraser Range	85%	---	Quadrio Resources Ltd
E28/1531	Fraser Range	85%	---	Quadrio Resources Ltd
E28/2231	Fraser Range	90%	---	GeoBase Australia Pty Ltd
E28/2232	Fraser Range	90%	---	GeoBase Australia Pty Ltd
E28/2292	Fraser Range	100%	---	---
E39/1653	Fraser Range	80%	---	Geological Resources Pty Ltd
E28/2016	Fraser Range	70%	---	Ponton Minerals Pty Ltd
E39/1654	Fraser Range	70%	---	NBX Pty Ltd
E69/2379	Fraser Range	70%	---	Ponton Minerals Pty Ltd
E69/2380	Fraser Range	70%	---	Ponton Minerals Pty Ltd
Queensland				
EPM19825	Connors Arc	100%	---	---
EPM25122	Connors Arc	100%	---	---
EPM25283	Connors Arc	100%	Granted	---
Victoria				
EL3311	Walhalla	100%	---	---
EL4660	Walhalla	85%	---	CMS Australia Pty Ltd
EL5043	Walhalla	100%	---	---
EL5077	Walhalla	100%	---	---
MIN5487	Walhalla	100%	---	---
EL5340	Walhalla	100%	---	---
EL5348	Walhalla	100%	---	---

Corporate

Cash and Finance

Cash on hand at the end of the Quarter was \$0.14 million.

Entitlements Issue

On 29 September 2014, the Company announced that it had received underwriting commitments of \$1.0 million for a pro-rata renounceable entitlements issue ('Entitlements Issue') to shareholders. The maximum amount to be raised under the Entitlements Issue is approximately \$2.43 million at 3.0 cents per fully paid ordinary share ('Share'). Eligible shareholders will be entitled to participate in the Entitlements Issue on the basis of one Share for every three Shares held. Shareholders will also be given priority to apply for shortfall shares in addition to their entitlement.

The Entitlements Issue is underwritten to an aggregate amount of \$1.0 million. Underwriters include entities associated with Orion directors, Mr Denis Waddell (\$0.50 million inclusive of the amount drawn down under the Tarney Facility referred to below) and Mr Errol Smart (\$0.10 million), as well as other professional investors.

Loan Facilities

On 26 August 2014, the Company announced that it had finalised two loan agreements together totalling \$0.35 million. A \$0.20 million loan facility was entered into with Tarney Holdings Pty Ltd ('Tarney'), a company associated with Orion's Chairman Mr Denis Waddell ('Tarney Facility'), and a \$0.15 million loan facility was entered into with Silja Investment Limited, the Company's major shareholder (together the 'Facilities').

Tarney Loan Facility

Under the terms of the Tarney loan facility, the Company may elect to convert the outstanding capitalised loan balance under the facility to Shares, subject to shareholder approval where required by law, including the ASX listing rules. To the extent that the Company has not converted the outstanding capitalised loan balance to shares (or commenced the conversion process), the Tarney facility becomes payable on 31 December 2014 (unless otherwise agreed by the parties).

Silja Loan Facility

The Company was notified that it had been awarded a \$0.15 million grant in Round 8 of the Western Australian Government's Exploration Incentive Scheme. Under the terms of the Silja loan facility, the Company will be required to repay the facility in cash in accordance with the receipt of grant funds and in any case, repay any outstanding capitalised loan balance in cash by 30 June 2015.

Other Key Terms of the Facilities

Tarney and Silja each have the discretion as to whether to make an advance to the Company upon receipt of each drawdown notice. Interest will be capitalised under each facility at 7.5% per annum.

Loan Facilities Variation

Prior to the completion of the Entitlements Issue, both of these lenders committed to increasing the facility limits available to Orion under the terms of the Facilities.

On 1 October 2014, the Company announced that the Facilities will be increased to a maximum limit of \$0.85 million. Neither Silja (\$0.35 million) nor Tarney (\$0.50 million) will demand payment of the Facilities until the completion of at least a \$2.0 million capital raising. The purpose of the Facilities is to enable the Company to continue with exploration activities at its two highly prospective projects –Fraser Range (Western Australia) and Connors Arc (Queensland) whilst the Entitlements Issue is being completed.

The \$0.50 million Tarney Facility has formed the basis of Tarney agreeing to underwrite \$0.50 million of the Entitlement Issue and as such, Orion and Tarney have also agreed to amend the terms of conversion of the outstanding capitalised loan balance under the Tarney Facility. Under the terms of the amended Tarney Facility, any Entitlements Issue shortfall amount required to be taken up by Tarney will be offset against the capitalised loan balance based on the issue of shortfall Shares at 3.0 cents per Share (previously any Shares issued to Tarney upon conversion, were to be issued at the lower of the volume weighted average price of the Company's shares as traded on the ASX in the ten trading days prior to the issue of shares to Tarney, and \$0.045 (being the price of shares issued under the Company's recent SPP)). To the extent that the shortfall amount required to be taken up by Tarney is less than the capitalised loan balance, Orion may elect to convert the outstanding capitalised loan balance to Shares, subject to shareholder approval. Any Shares issued to Tarney upon conversion, will now be issued at 3.0 cents, being the price of Shares to be issued under the Entitlements Issue.

Tarney and Silja have agreed that the Facilities will not be repayable unless and until Orion has completed a capital raising under which it raises no less than \$2.0 million. The Silja Facility is secured by security over all present and after-acquired property of the Company. The Tarney Facility is unsecured.

At 30 September 2014, the Company had drawn down \$0.34 million from the Facilities.

Walhalla Project - Option Agreement

On 29 August 2014, the Company announced it had entered into an option agreement with A1 Gold for A1 Gold to acquire Orion's Walhalla Project tenements in Victoria.

The key terms of the option agreement are:

- Non-refundable option fee payable to Orion of \$50,000 cash with \$10,000 paid on execution of the option agreement and \$40,000 payable in 12 weeks from the date of execution of the option agreement;
- the option term expires 31 July 2015;
- A1 Gold will manage the tenements, is required to maintain the tenements in good standing and will meet all statutory expenditure requirements;
- Orion will retain the rights to explore for, develop and mine all deposits which are 67% or greater intrusive hosted sulphide minerals, including copper, nickel and platinum group elements (PGEs) with subordinate gold and silver;
- Upon exercise of the option, A1 Gold will pay Orion:
 - \$0.5 million cash payment;
 - \$0.5 million worth of fully paid ordinary A1 Gold shares issued to Orion at the volume weighted average price of the A1 Gold shares as traded on the ASX in the ten trading days prior to the date of exercise of the option. The A1 Gold shares issued to Orion shall be voluntary escrowed for a period of 12 months from date of issue; and
 - A 2% ongoing net smelter royalty on all gold produced from the tenements.

Unlisted Options Expiry

On 31 July 2014, the following unlisted share options expired:

<u>Exercise Price</u>	<u>Number of Options</u>
\$0.40	625,000
\$0.15	6,000,000

Annual Financial Report – June 2014

The Company recorded a loss of \$12.8 million after tax for the full-year ended 30 June 2014. This compares to a loss of \$8.5 million after tax for the previous year. The result was driven primarily by a write down in the carrying value of deferred exploration, evaluation and development expenditure at the Walhalla project of \$9.5 million.

Annual General Meeting

The Annual General Meeting of shareholders of the Company is scheduled to be held on 28 November 2014 at the Company's offices at 64 Thomas Street, West Perth, Western Australia.

Competent Persons Statement

The information in this report that relates to Exploration Results and other technical information for the Fraser Range Nickel-Gold Projects (also described as the Cundeelee Gold Project, the Peninsula Nickel Project and the Plumridge Lakes Project) complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code") and has been compiled by Mr Bill Oliver, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Oliver is the Chief Operating Officer of Orion Gold NL and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Oliver consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results at the Connors Arc Project complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code") and is based on information compiled by Mr Bruce Wilson, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Wilson is the Principal of Mineral Man Pty Ltd, a consultant to Orion Gold, and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Wilson consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results and other technical information for the Walhalla PGE-Cu-Ni "Polymetals" Project complies with the 2012 Edition of the JORC Code and has been compiled and assessed under the supervision of Mr Errol Smart, Orion Gold NL's Managing Director, from historical records and field investigation. Mr Smart (PrSciNat) is registered with the South African Council for Natural Scientific Professionals, a ROPO for JORC purposes and has experience in the identification and exploration of mineralization of this style. Mr Smart consents to the public release of the information in the context contained within this release as a Competent Person as defined in the 2012 Edition of the JORC Code).

The information in this announcement relating to Mineral Resources and Exploration Targets complies with the 2012 Edition of the JORC Code and is based on and accurately reflects grade estimation and modelling undertaken by Mr Phil Jankowski MSc MAusIMM (CP) on behalf of Orion Gold. Mr Jankowski is a Director with of Baltica Consulting and has sufficient experience which is relevant to the style of mineralization and type of deposits under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' Mr Jankowski also consents to the inclusion in the report of the information in the form and context in which it appears.

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.

Appendix 1: Mineral Resources at the Walhalla Gold Project.

Walhalla Gold Project – In situ Mineral Resources				
Deposit	Cut-off Au g/t	Inferred		
		Tonnes	Au g/t	Ounces Au
Tubal Cain	2 ¹	932,000	4.10	122,900
Eureka ²	4	153,000	9.90	49,200
Cohen's	2	825,000	3.63	96,300
Total		1,910,000	4.37	268,400

Notes:

1. The 2g/t applies to the bulk of the deposit, below the 475mRL. Above this depth a 1g/t cutoff is used as surface mining may be able to be used for this portion of the deposit.
2. The Eureka Deposit was estimated based on the 2004 JORC Code and has been "grandfathered" in accordance with the 2012 JORC guidelines as there has been no material change to the Mineral Resource.
3. Further information on these Mineral Resources is included in the December 2013 Quarterly Activities Report and it is recommended that these resources are reviewed in conjunction with this information.

Walhalla Gold Project – Exploration Targets			
Deposit	Tonnage Range	Grade range (Au g/t)	Contained Ounces Range (Au)
Tubal Cain	500,000 – 1,500,000	1.5 – 2.5	25,000 – 120,000
Cohen's	100,000 – 300,000	2 – 4	5,000 – 40,000
Total	600,000 – 1,800,000	1.6 – 2.8	30,000 – 160,000

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this announcement relating to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The Exploration Targets cover areas where there has been insufficient exploration to define a Mineral Resource which complies with the JORC Code, and it is uncertain if further exploration will result in the determination of a Mineral Resource. The potential tonnages and grades presented in these Exploration Targets are conceptual in nature.