

23 January 2015



QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 31 DECEMBER 2014

ASX Code: ORN**Issued Capital:**

Ordinary Shares: 304M

Options: 89M

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**
Business Development ManagerSuite 2
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ABN 76 098 939 274T: +61 8 9485 2685
E: info@oriongold.com.au
W: www.oriongold.com.au**HIGHLIGHTS****Exploration**

- **Maiden drill program underway at Connors Arc Project in Queensland with results anticipated shortly:**
 - Drilling tests geological and geophysical targets defined by the Company's activities during the Quarter.
 - First holes have intersected multiple epithermal veins and stockwork zones with promising alteration and sulphides present.
 - First phase of high powered IP / resistivity survey with promising initial results:
 - Resistivity anomalies detected in geological target zone.
 - Chargeability anomalies may indicate sulphide rich zones.
 - Field mapping continues to identify new vein swarms and expand the footprint of the system.
 - Highly encouraging results from surface rockchip sampling including elevated silver assays.
- **High powered EM survey completed across Pennor Prospect and adjacent portions of the Peninsula Project in the Fraser Range, WA:**
 - Maiden shallow drilling program confirmed the presence of a large mafic-ultramafic intrusion and defined coherent nickel anomalism within the intrusive body.
 - Geochemical results from this drilling received earlier in the Quarter indicated 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.
 - EM survey specifically targets areas within and around the intrusion where sulphide accumulations could be present.
 - Further geophysical surveys planned to explore this highly prospective area.

Corporate

- **\$1.8 million raised via pro-rata renounceable entitlements issue at 3.0 cents per share. Total of \$0.4 million issued to entitlements issue participants and \$1.4 million issued to underwriters and shortfall participants including Orion directors and sophisticated and professional investors.**



Exploration

During the Quarter, the Company made significant steps to progress its highly prospective gold-silver epithermal target at the Aurora Flats Prospect within the Connors Arc Epithermal Gold Project (Queensland) including field mapping, rockchip sampling and geophysical surveys. This culminated in the commencement of the Company's maiden drilling program at Connors Arc, which is currently underway.

In the Fraser Range (Western Australia) the Company completed a high powered ground EM survey at Pennor and adjacent areas following up a successful shallow drilling campaign reported in the September 2014 Quarterly Report. Results are anticipated in coming weeks with further geophysical surveys planned to explore for magmatic nickel-copper sulphide deposits.

Connors Arc Epithermal Gold Project (Queensland)

During the Quarter the Company carried out the first phase of geophysical surveying across mapped epithermal veins at the Aurora Flats Prospect (detailed below) within the Connors Arc Project. Following results from these surveys, and further mapping within the Aurora Flats Prospect, the Company commenced its maiden drill program at Aurora Flats during December 2014.

At the date of this report 8 holes have been completed for 1,894.8 metres with AFRC011 in progress at 211 metres (Figure 1). Five shorter RC holes were drilled to assist in vertical alteration profiling and mapping the vein swarm to be tested at depth by diamond drilling. Four deeper diamond drillholes have tested these vein swarms at depths greater than 300 metres, targeting the critical zone for metals deposition in epithermal systems. Drilling will shortly move to the Veinglorious Prospect, where a number of rock-chip samples returned assays greater than 100g/t silver (refer ASX Release - 11 December 2014 and summary below).

Multiple epithermal veins and stockwork zones have been intersected in RC and diamond drilling, both below veins mapped at surface and also veins which do not have surface expression (refer ASX Release - 21 January 2015). Fine grained and occasionally banded quartz with associated adularia and very fine to fine grained sulphides are strongly developed (Figures 2 and 3).

Encouragingly, the surrounding country rock is strongly altered, displaying silicic zones and prophyllitic alteration. Disseminated epidote is developed distally to the veins and epidote veining is strongly developed close to the veins.

These alteration styles are associated with epithermal deposits and the style and pervasive nature of the alteration observed in the drilling supports the Company's hypothesis that the Aurora Flats system is a significant epithermal system of substantial scale. Sulphides are present within veins, on vein contacts and disseminated in the country rock.

In addition to ongoing drilling, detailed alteration and structural logging of the holes drilled to date is being carried out prior to cutting and sampling of intervals of interest. Professor Noel White, a highly regarded epithermal expert who identified the potential of the Aurora Flats Prospect, has been on site along with Orion's Managing Director, Errol Smart, to guide the Company's team in interpreting the features observed in the drilling.



Epithermal deposits of the style targeted are known to only deposit precious metals at depths greater than 250 metres below the surface at the time of deposition, where the correct pressure and temperature is encountered. In the coming weeks, short-wave infra-red spectral scanning will be carried out on the core and drill chips to determine the exact pressure and temperature of the alteration mineralogy associated with the veins intersected within the epithermal system. Accurate alteration mineralogy studies assist in establishing the relative depths of the intersections to the surface at time of deposition and thus guides targeting of further drilling. Down-hole logging tools such as spectral-gamma scanning will also be employed to map features such as potassic alteration.

Results from these surveys are anticipated to be available at the end of January, around the same time as the Company receives the first assays and other geochemical data from drilling, allowing for rapid interpretation of drill results and further vectoring to identify targets and trends for follow-up drilling.

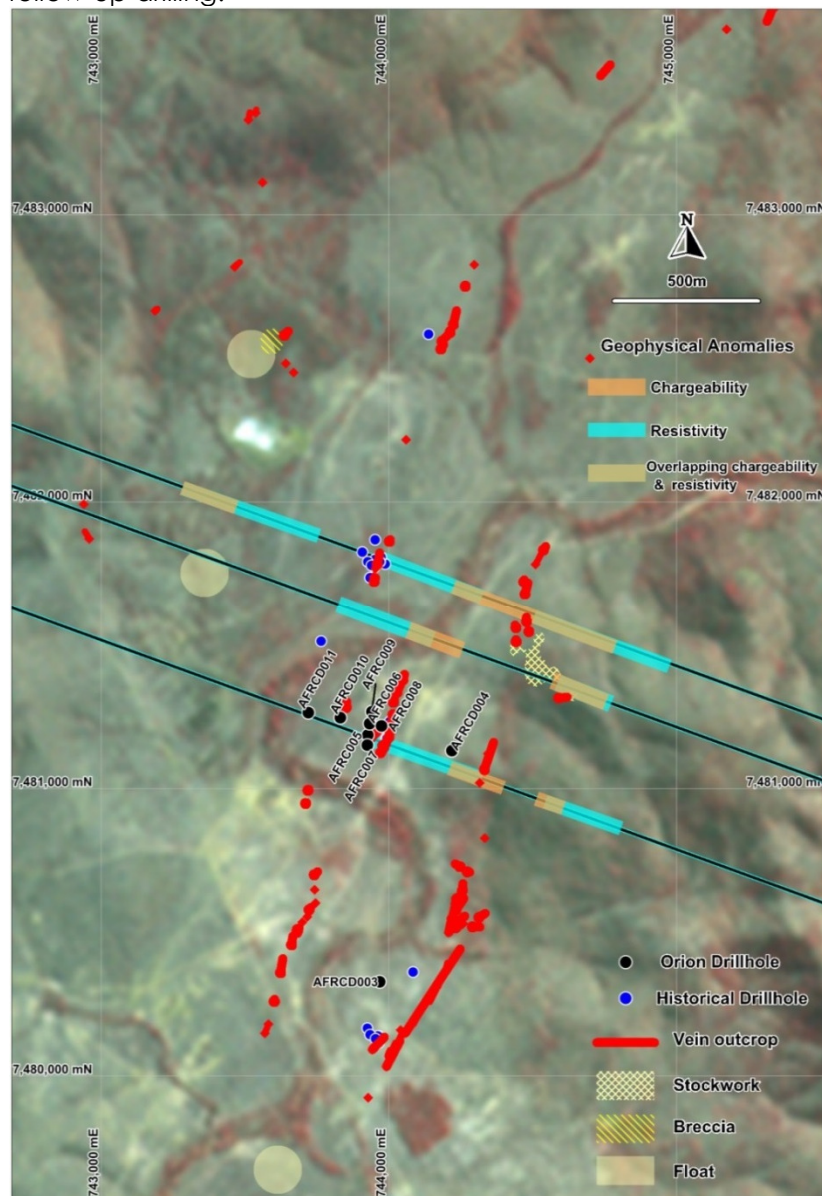


Figure 1. Plan showing location of drillholes completed at Aurora Flats, as well as location of IP lines and resistivity anomalies, mapped epithermal veins and historical drilling.

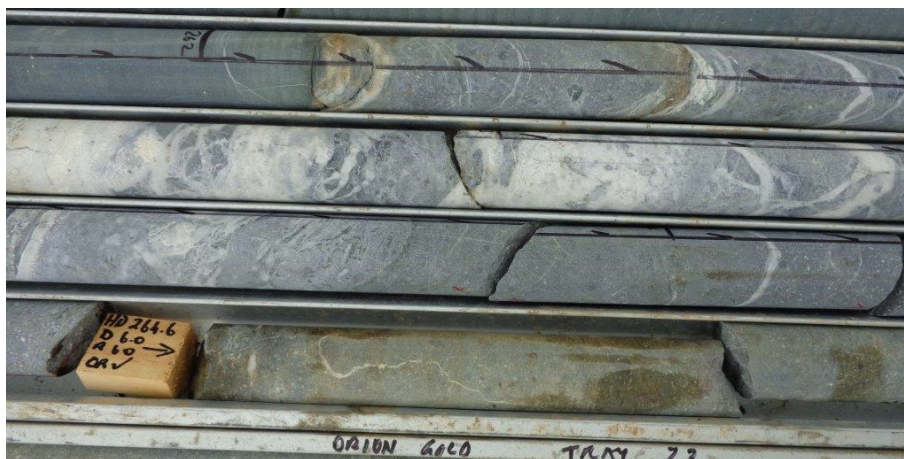


Figure 2. Epithermal veining and stockwork in altered volcaniclastic sediments, hole AFRCD010



Figure 3. Epithermal veining with alteration and disseminated sulphides, hole AFRCD004.



Figure 4. Professor Noel White inspecting core on site at Aurora Flats.

IP Survey

During the Quarter the Company received the results from the first phase of a high powered resistivity and chargeability geophysical survey over the Aurora Flats vein swarm area. Figures 5, 6 and 7 highlight the preliminary inversion results for lines 3A, 3 and 2 as chargeability and resistivity sections (location of lines shown on Figure 1).

Line 3A detected two significant chargeability anomalies – one down dip of mapped quartz veining and the AFRC001 intersection and another to the east, vertically below mapped epithermal quartz veining and stockworks.

The chargeability anomalies are strongest at depths of approximately 250 – 300 metres below surface, which in epithermal systems represents the top of the “critical zone” for metals deposition (refer ASX Release - 8 September 2014).

Three discrete resistivity anomalies were identified based on the preliminary inversion data – one correlates with mapped quartz veining in the centre of the IP line and the other two appear to correlate with chargeability anomalies.

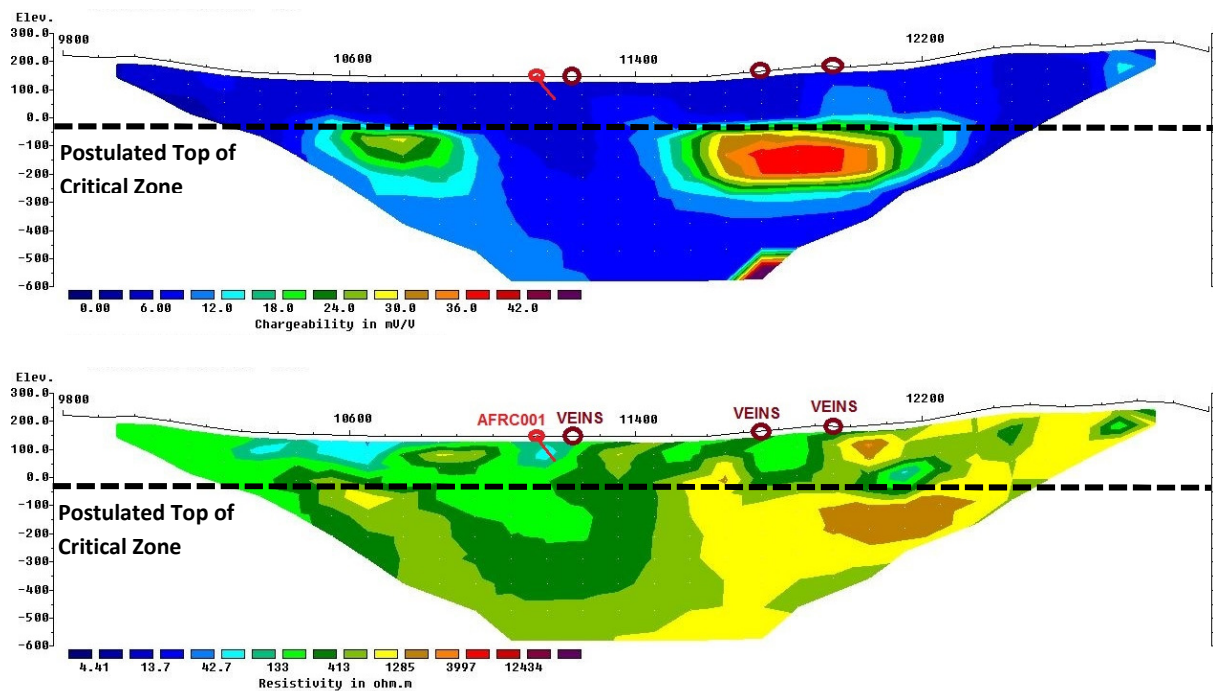


Figure 5. Chargeability (top) and resistivity (bottom) pseudosections from line 3A. Mapped epithermal veins shown as red circles. Chargeability anomalies are classed as results > 20mV/V. Resistivity anomalies are classed as results > 1,000 ohm.m based on background resistivity values of 300-400 ohm.m.

Line 3 was surveyed 200 metres south-west of Line 3A (Figure 1) with the aim of better defining the anomalies observed in Line 3A (refer ASX Release – 21 November 2014). Consistent with the observations in Line 3A, two significant resistivity and chargeability anomalies were detected – one down-dip of the mapped quartz veining and another to the east, again vertically below mapped steep to vertical epithermal quartz veining and stockworks.



The resistivity anomalies on line 3 are moderate to strong (approximately 2,000ohm.m) and, encouragingly, correlate with both the chargeability anomalies and the mapped quartz veining. Providing further encouragement is the strength of these resistive zones, which are stronger than those observed on Line 3A.

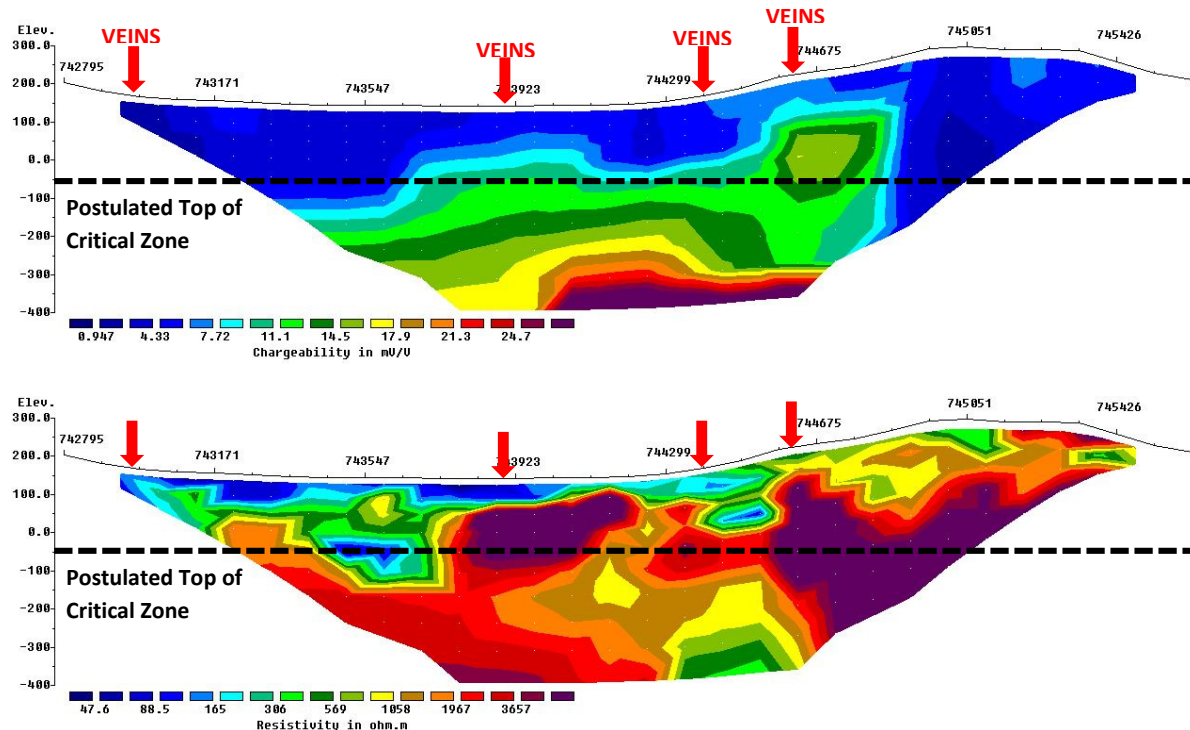


Figure 6. Chargeability (top) and resistivity (bottom) pseudosections from Line 3. Location of mapped epithermal veins shown with red arrows. Anomalies are as defined in Figure 1.

Line 2 is 400 metres further south-west of line 3 and detected a broad resistive zone below the corridor of mapped epithermal veins. This was interpreted to represent the continuation of these veins at depth. The resistive zone appears to reach its strongest expression at depths below 200 metres which correlates with modelling from field evidence based on vein textures, alteration and geochemistry.

A strong chargeability anomaly lies below this resistive zone and further processing will refine the magnitude and location of this anomaly.

Also of interest is the strong resistivity anomaly in the eastern part of lines 2 and 3, which has a correlating moderate level chargeability anomaly. This anomaly requires further work to interpret in a geological context as it occurs below a rhyolite cap which would obscure any surface expression. Further modelling of geophysical data is being undertaken to assist with the interpretation of these results and exploratory drilling may be carried out to provide geological data.

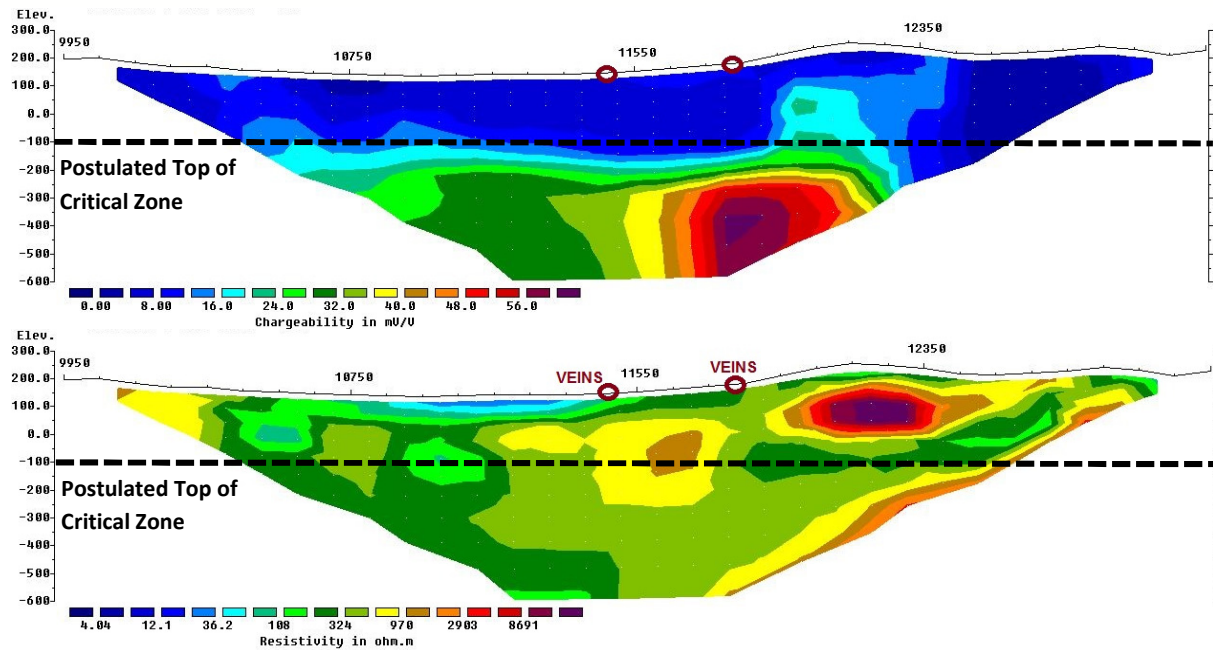


Figure 7. Chargeability (top) and resistivity (bottom) pseudosections from line 2. Mapped epithermal veins shown as red circles. Anomalies are as defined in Figure 1.

Field Mapping

During the Quarter the Company received results from rock chip samples taken during its ongoing mapping program at the Connors Arc Project (refer ASX Releases – 27 October 2014, 6 November 2014, 21 November 2014 and 11 December 2014).

Assay results continue to support the Company's belief that the epithermal vein system is the surface expression of an extensive system with a potentially high metal budget, indicated by substantial silver assays returned from the rock chip samples (Figure 8).

The extent of veining is now confirming that the system is large and has seen very large epithermal fluid movement, with a number of veins and other stockwork exposures identified 20km north-west of the main Aurora Flats Prospect at the Lemongrass Prospect (refer ASX release 21 November 2014).

In particular, there are now a number of surface samples from the "Veinglorious Prospect" which have returned over 100g/t silver together with highly elevated gold values. As discussed in the Company's ASX Release of 8 September 2014, high silver-to-gold ratios are characteristic of an intermediate sulphidation system. One surface sample returned 1.38g/t gold, which is higher than expected at this level of the epithermal system.

The epithermal veins also continue to exhibit significantly elevated manganese, lead, tellurium, thallium, barium, molybdenum and lithium – all of which are important geochemical indicators in epithermal systems (refer ASX Releases –21 November 2014 and 11 December 2014).

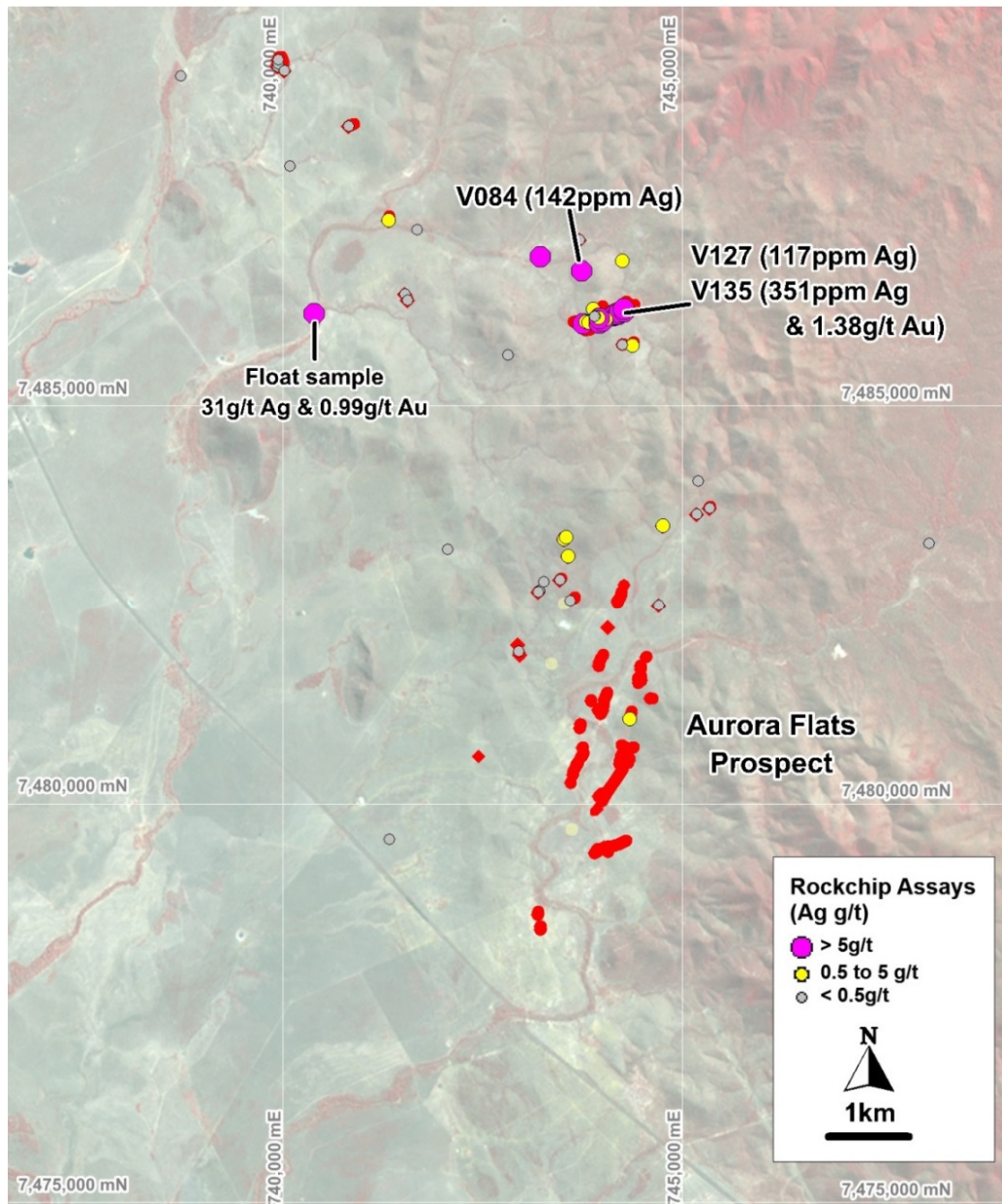


Figure 8. Plan showing silver assays from rockchip samples of epithermal veins at the Aurora Flats Prospect and surrounds. Red lines are mapped veins.

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 in the Connors Arc Project are spatially associated with a large, magmatic hydrothermal system (Mt Mackenzie);
- These prospects are 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 orebodies.

In addition, several targets have been identified based on historical data review and using 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.

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

Peninsula Prospect

During the Quarter, the Company carried out a high powered moving loop ground EM survey across target zones at the Pennor Prospect (Figure 9) defined to identify sulphide accumulations in the basal zone and lower feeders of intrusive bodies identified at Pennor, HA2 and adjacent areas.

Survey data has been received by the Company's geophysical consultants and is currently being processed. Interpreted results should be available shortly. Other geophysical surveys are planned for Pennor and adjacent areas and are in the advanced stage of planning.

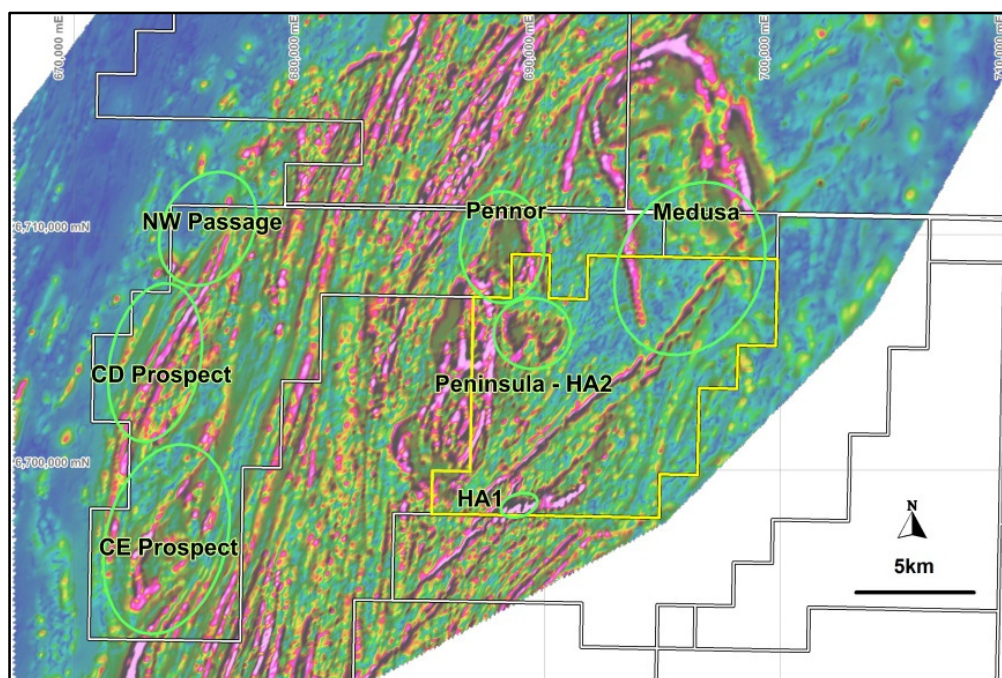


Figure 9. Plan showing key targets at the Fraser Range Project over data from historical high resolution aeromagnetic survey (as reprocessed by Orion).

The recently completed survey was targeted based on geological and geochemical results from the Company's exploration programs including the recent drilling at Pennor (Figure 10) which have successfully established the following indicators at the Peninsula Prospect:

- Large bodies of mafic-ultramafic intrusives are present, with the Company's drilling confirming the nature and extent of the magma chamber at Pennor;
- Detailed geochemical data from drillhole (fresh rock) samples confirms that:
 - the large HA2 and Pennor intrusive bodies are related and from the same source;
 - the parent magmas for these intrusions are fertile as sources of Ni-Cu;
 - a substantial amount of crustal contamination has occurred during uplift and emplacement of these magmas, adding the necessary components to form sulphides;
 - the HA2 magma chamber contains sulphides which were formed in the parent magma then entrained by magma dynamics;
 - the Pennor magma chambers contains magma which is depleted in Ni-Cu, relative to the parent magma; and
 - the Ni-Cu segregated out (or entrained in the case of HA2) is expected to have accumulated along basal contacts in magma chamber or in feeder zones to the large chambers.

Orion is currently using geophysical methods to map out the architecture of the chambers and feeders and to locate accumulations of Ni-Cu sulphides which geochemical data infers have been segregated out and concentrated. Therefore the results of the EM survey are awaited with interest.

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 11). 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 mineralisation 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 reinterpreted 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.

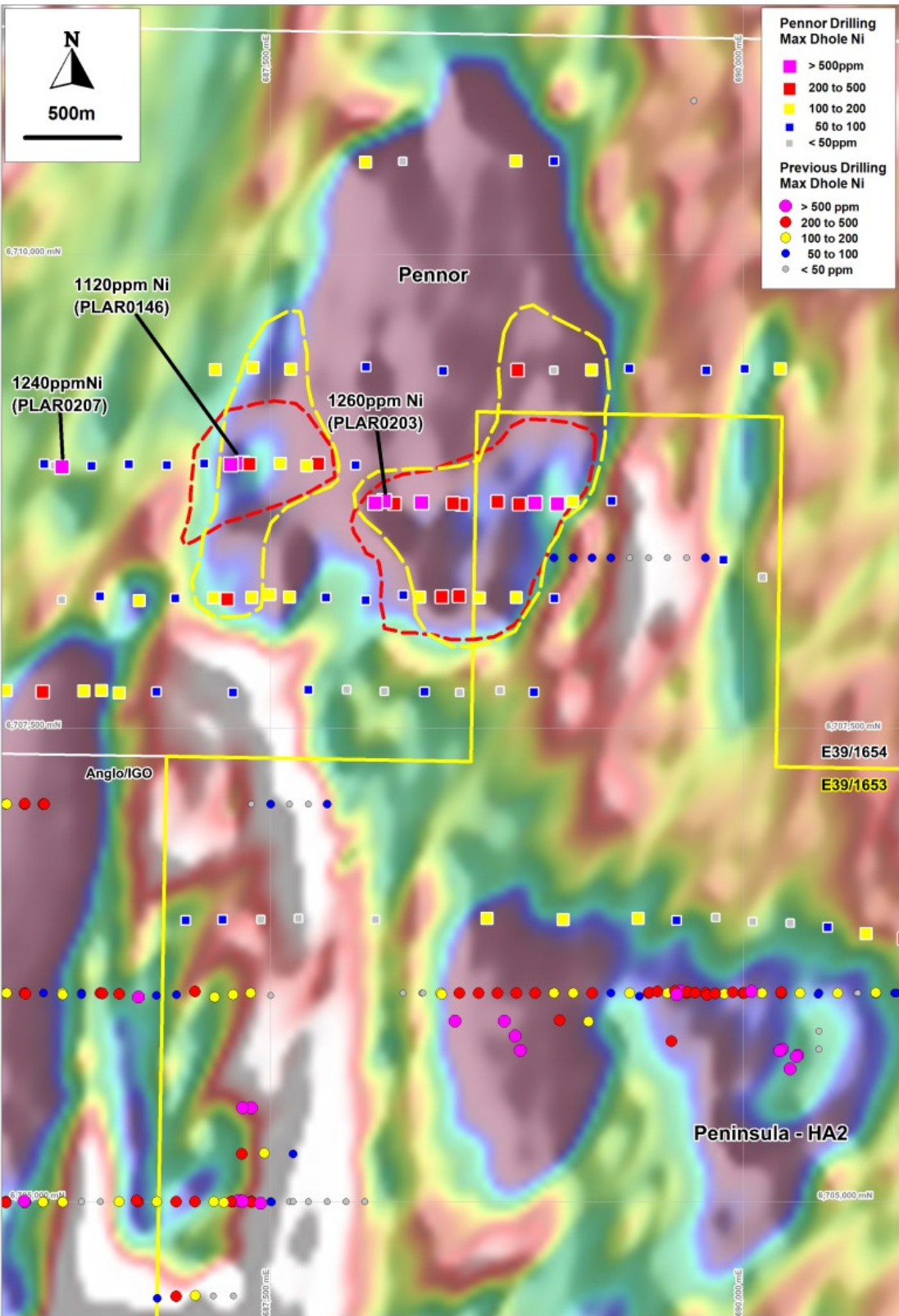


Figure 10. Plan showing maximum downhole nickel in Pennor drilling, along with historical and other Orion drilling. Yellow outlines show geochemical anomalies while red outlines delineate areas with prospective lithologies (refer ASX release - 2 September 2014).

In December 2013, the Company carried out its maiden drilling program at the Peninsula Project and 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 2,597km² 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 mineralisation below supergene anomalies.

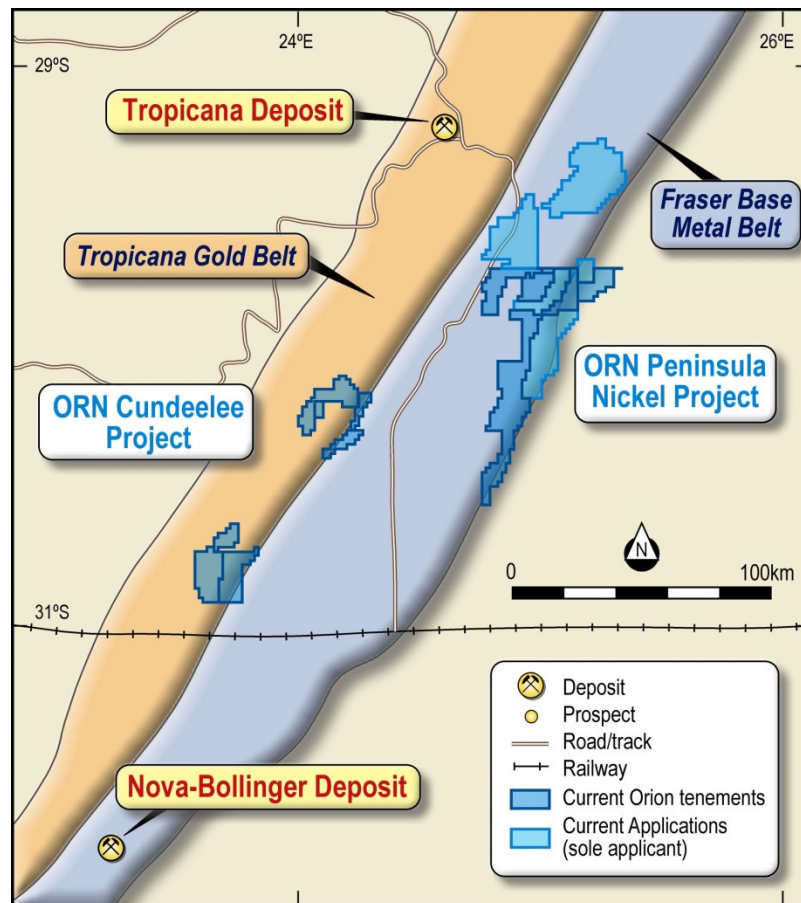


Figure 11: Location of tenements in the Fraser Range Project.

Walhalla Gold and Polymetals Project (Victoria)

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

During the Quarter, the Company did not carry out any exploration 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. Under the terms of the Option Agreement, exploration for gold mineralisation on the tenements is managed by A1 Gold.

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 mineralisation also occurs within the belt. Both mineralisation 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" mineralisation. Five key Cu-Ni-PGE occurrences are known within the WPDS and three of these lie with Orion's tenement package (Figure 12). 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 and 1980's).

The new understanding of the related polymetal and gold mineralisation in this district, as well as the model for mineralisation 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 mineralisation 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 mineralisation. 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 mineralisation.

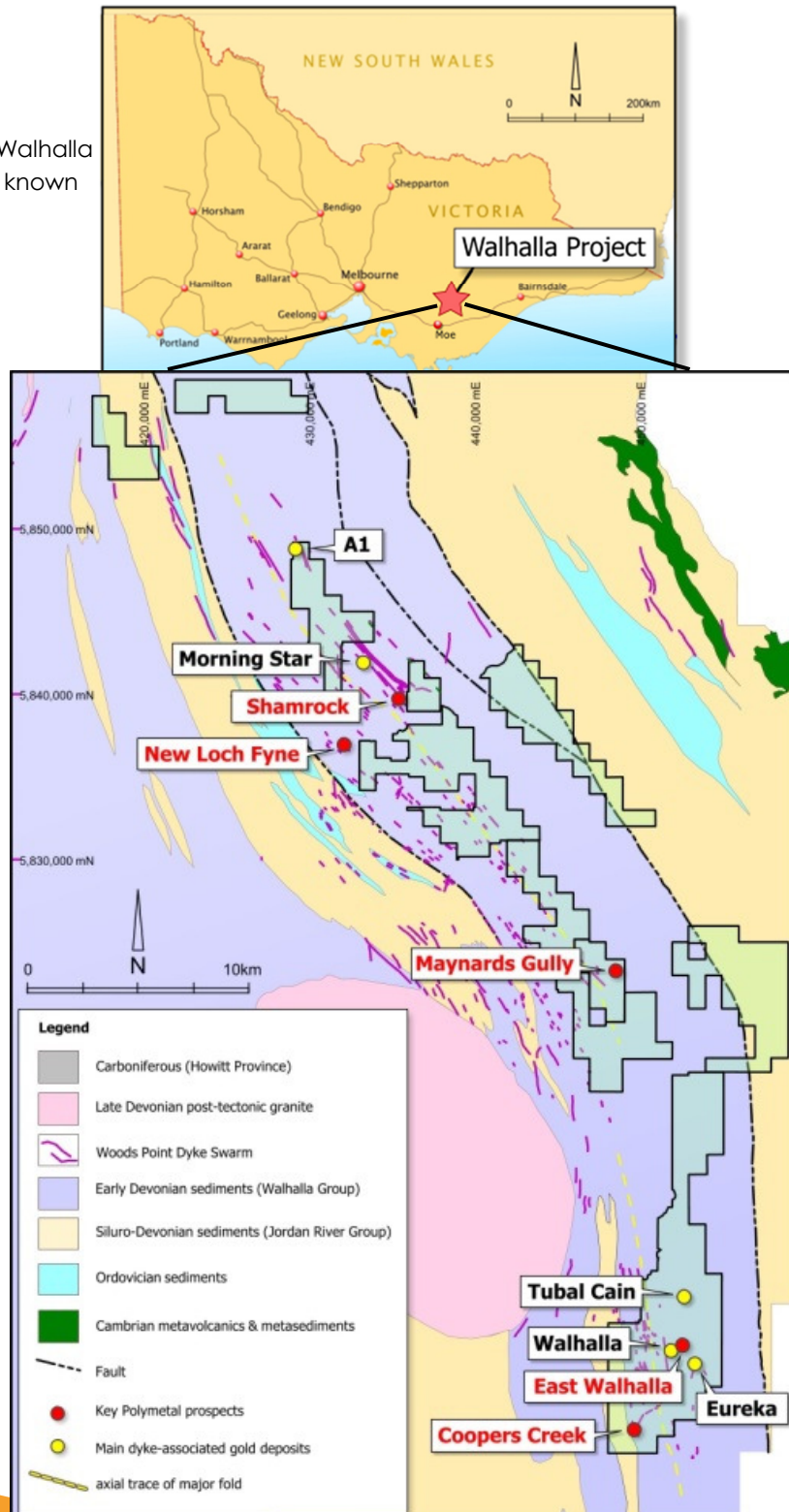
Orion recognises the opportunity presented by these unique deposits as well as their potential value, illustrated in Table 1 by the valuation of the metal content intersected in historical drill hole CC003.

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 12: 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%	---	---
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%	---	---

Cash and Finance

Cash on hand at the end of the Quarter was \$1.14 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 were entitled to participate in the Entitlements Issue on the basis of one Share for every three Shares held. Shareholders were also given priority to apply for shortfall shares in addition to their entitlement.

The Entitlements Issue was underwritten to an aggregate amount of \$1.0 million. Underwriters included 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.

Acceptances under the Entitlements Issue closed on 21 November 2014 and on 28 November 2014 the Company issued 12,026,515 Shares totalling \$0.36 million, with a shortfall of 69,246,275 Shares including an underwritten shortfall of 21,306,820 Shares.

On 19 December 2014 the Company issued 47,856,062 Shares to underwriters to finalise their underwriting commitments in relation to the Company's Entitlements Issue and for take-up of shortfall in relation to the Entitlements Issue.

The offer of shortfall Shares will remain open for up to three months following the Entitlements Issue closing date of 21 November 2014.

Loan Facilities

On 26 August 2014, Orion announced that it had finalised two loan agreements together totalling \$0.35 million. A \$0.20 million loan facility was agreed 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 agreed with Silja Investment Limited ('Silja Facility'), the Company's major shareholder (together the 'Facilities'). 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 (Tarney (\$0.50 million) and Silja (\$0.35 million)).

The \$0.5 million Tarney Facility formed the basis of Tarney agreeing to underwrite \$0.50 million of the Entitlement Issue and as such, Orion and Tarney 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, the Entitlements Issue shortfall amount required to be taken up by Tarney was offset against the capitalised loan balance based on the issue of shortfall Shares. Shares issued to Tarney upon conversion, were issued at 3.0 cents, being the price of Shares issued under the Entitlements Issue. The issue satisfied repayments of the Tarney Facility which expired on 31 December 2014.

At 31 December 2014, the Company had drawn down \$0.14 million from the Silja Facility (\$0.35 million) which terminates on 30 June 2015.

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.

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.