

29 April 2016



Orion secures further exploration opportunity 80 kilometres north of Prieska Copper Project

ASX Code: ORN

Issued Capital:

Ordinary Shares: 421M

Options: 91M

Directors:

Denis Waddell
Chairman

Errol Smart
Managing Director, CEO

Bill Oliver
Technical Director

Alexander Haller
Non-Executive Director

Management:

Martin Bouwmeester
Company Secretary
Business Development Manager

Suite 2
64 Thomas Street
West Perth WA 6005
ABN 76 098 939 274

T: +61 8 9485 2685
E: info@oriongold.com.au

Highlights:

- Under the agreement with Masiqhame, Orion can earn up to a 73% interest in Masiqhame.
- Masiqhame holds a prospecting right over a large, highly prospective area located approximately 80 kilometres north of the Prieska Copper Project.
- Known occurrences of sulphide copper-zinc and nickel are recorded on the prospecting right.
- Prospective for VMS, SEDEX and mafic intrusive hosted base metal mineralisation, as well as lithium and rare earth element bearing pegmatite.

Orion Gold NL (ASX: ORN) is pleased to announce that it has signed a binding option agreement with Masiqhame Trading 855 Pty Ltd (**Masiqhame**) for Orion to earn up to a 73% interest in Masiqhame.

Orion has targeted the large Masiqhame prospecting right after analysing regional data which points to the potential for three significant styles of mineralisation.

The South African Council for Geoscience (**SACG**), in its 1998 Volume "Explanation: Metallogenic Sheets 2820 and 2920", indicates three metallogenic districts are represented on the Masiqhame prospecting right (Figure 1):

1. **Areachap – Copperton Metallogenic Province:** Volcanic massive sulphide (**VMS**) and sedimentary exhalative deposits (**SEDEX**) Zinc - Copper mineralisation has been recorded along a volcano-sedimentary belt some 200 kilometres in length (Figure 2). Several massive sulphide occurrences are noted on the prospecting right, including some where copper and zinc are present (Figure 1). These have apparently been tested by drilling in the past, although no information is currently available. In addition, the SACG volume notes that at the Bokspuits Prospect, only one sulphide body has formed a gossan and the remainder are blind to surface (page 27) increasing the potential for further bodies to be identified on the Masiqhame prospecting right.

- 2. Jacomynspan Copper-Nickel Metallogenic District:** Copper nickel mineralisation has been identified at a number of localities directly south of the prospecting right associated with mafic intrusive lithologies. The mineralisation, age, tectonic setting and metamorphic alteration of these mafic – ultramafic intrusive bodies are strongly analogous to what is encountered in the Fraser Range, Western Australia. The SACG volume quotes an undifferentiated resource of 114 million tonnes at 0.25% Nickel and 0.17% Copper⁽¹⁾ on the farm Jacomynspan (page 72). The known occurrences trend northward toward the Masiqhame prospecting right where the volume notes: “the presence of low tenor Cu, Ni, Co and Zn in graphitic and banded carbonaceous schist” and suggests that the strange metal assemble may represent leakage of nickel-copper mineralisation associated with an underlying intrusive body passing through the VMS / SEDEX Copper-Zinc mineralisation.
- 3. The Orange River Pegmatite Belt** contains recorded occurrences of pegmatites both north and south of the Masiqhame prospecting right, suggesting a trend through the prospecting right. To the south of the prospecting right the pegmatites are recorded to contain beryllium-columbite-tantalite with lithium mica and spodumene and in some cases small scale mining of these minerals has been noted.

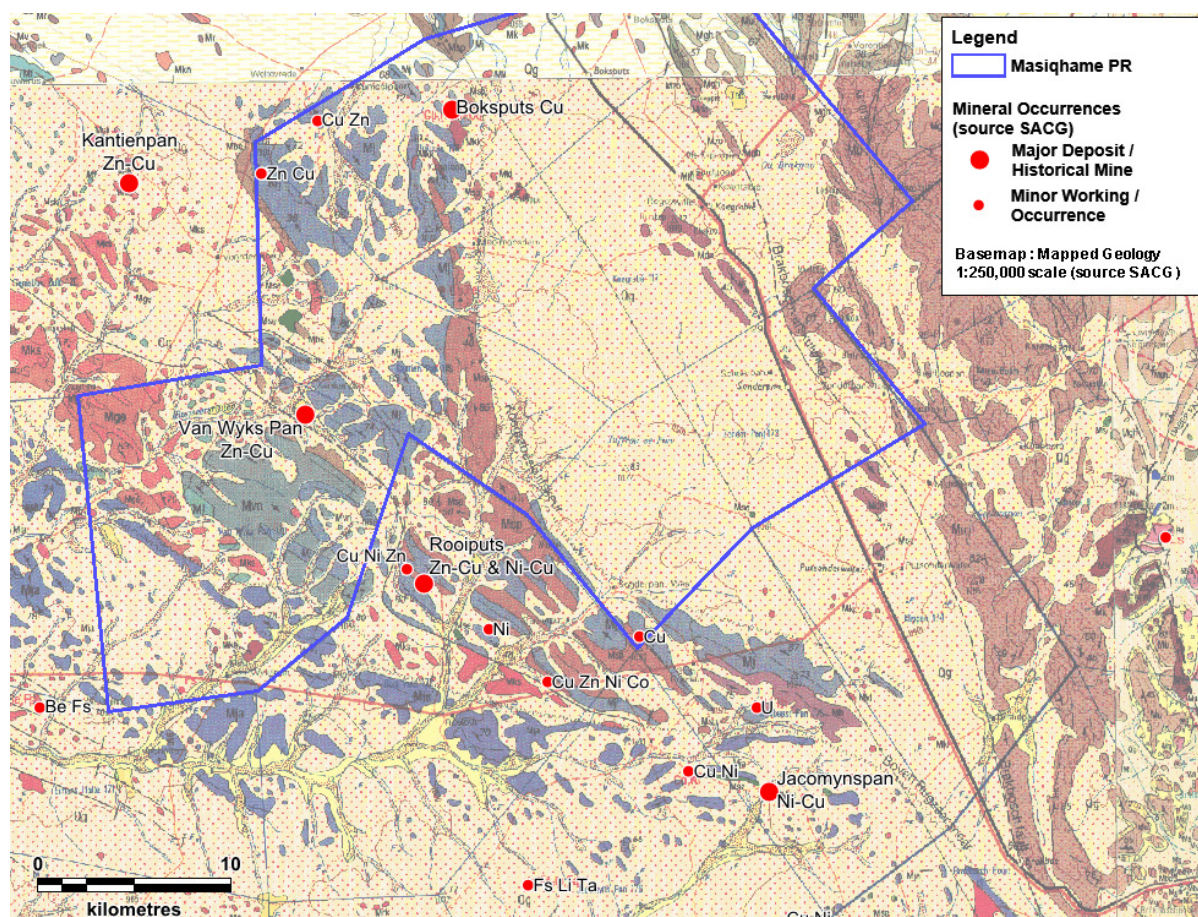


Figure 1: Masiqhame prospecting right outline with known mineral occurrences. Source: South African Council for Geoscience.

(1) Note this resource should not be confused with a Mineral Resources as defined by the JORC Code. It is included here due to its public nature but is not JORC compliant and should not be treated as such by the reader.

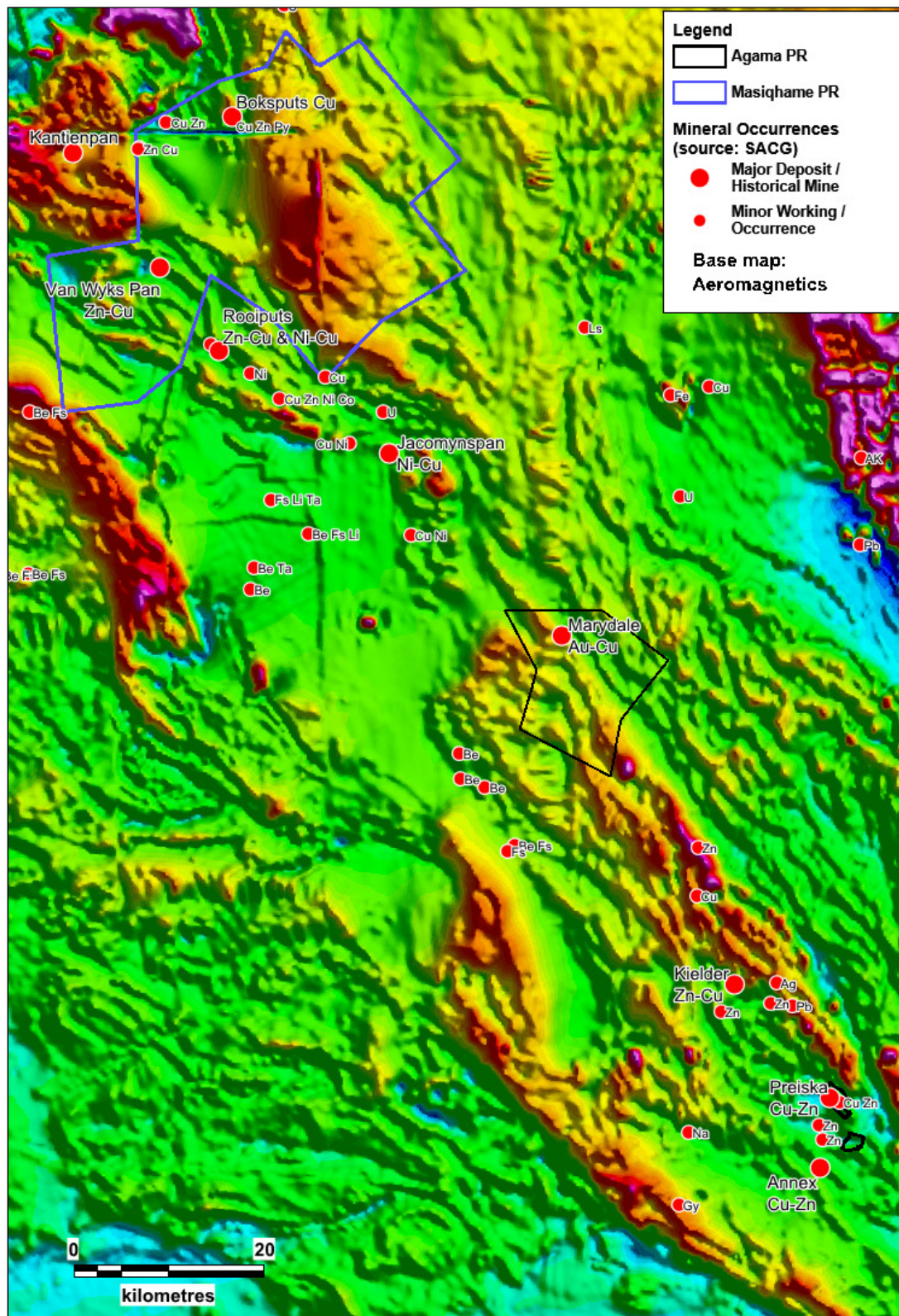


Figure 2: Regional magnetic map of the Areachap Belt showing the prospecting right currently under option to Orion and noted mineral occurrences as per published data from South African Council for Geoscience.

A Compelling Exploration Opportunity

The intersection of three metallogenic districts on one large prospecting right provides Orion with a unique opportunity to optimise its expertise in mafic intrusive exploration developed over the past three years in the Fraser Range, Western Australia and its experience exploring volcanogenic epithermal and VMS mineralisation.

The indicated potential of Lithium- rare earth element pegmatites also gives Orion investors the added benefit of exposure to a new suite of minerals, currently in high demand.

Exploration Strategy

Orion will be compiling all available historic exploration data for the prospecting right area and analysing the data in context of modern exploration models. Orion is of the opinion that the intersection of the Nickel-Copper-Cobalt rich mafic intrusive rocks with high sulphur, base metal mineralisation in country rock could present unique conditions for massive sulphide mineralisation with high base metal tenor.

The prospecting right area has very similar topography to that in the Fraser Range, with shallow sand and calcrete/gypsum cover obscuring most outcrop. Exploration techniques developed in the Fraser Range, including geophysics and geochemistry, have not been applied in this district and this presents a very important opportunity for Orion.

Key Terms of the Term Sheet

- Orion has the opportunity to earn up to a 73% interest in Masiqhame.
- Masiqhame is a privately owned South African company with 100% Historically Disadvantaged South African ownership. Masiqhame is thus black economic empowerment (**BEE**) compliant from the outset and Orion will earn in to an incorporated joint venture, partnering with a BEE partner via Masiqhame.
- Orion will have an exclusive option to undertake due diligence on the corporate entity and the prospecting right until no later than 30 September 2016 (**Option**), failing which the parties will be released from their obligations under the Term Sheet.
- Following the successful completion of due diligence, should Orion elect to exercise the Option:
 - Orion will pay Masiqhame ZAR1,500,000 (A\$130,000) to invest in new fully paid Masiqhame shares (**Shares**); and
 - Masiqhame will issue Orion with Masiqhame Shares which shall result in Orion being the holder of 50% of the total Shares on issue immediately following such issue of Shares.

(Completion)
- At Completion, Orion shall have the right to appoint the majority of directors to the board of Masiqhame and shall be appointed manager and operator of the prospecting right;
- Masiqhame will then apply the ZAR1,500,000 Orion has invested in Masiqhame Shares to execute an initial exploration program on the prospecting right.
- Once Orion has earned the initial 50% interest in Masiqhame through the issue of Masiqhame Shares to Orion, it can elect to increase its interest by a further 23% (to 73% in total) via:
 - provision of a shareholder loan to Masiqhame (**Loan**) on the following terms:

- The principal amount of the Loan shall be the ZAR equivalent of A\$100,000 in each 12 month period commencing from the 12th month following Completion (**Principal**);
 - Proceeds from the Loan shall be used to progress exploration programs and feasibility study works;
 - The Loan interest rate shall be nil;
 - the Loan shall only be repaid from operating surplus from future operations of Masiqhame;
 - In addition to the Principal, Orion may elect at its sole discretion to provide additional finance by means of the Loan in order to progress exploration works and complete feasibility study works and if applicable, apply for a mining right;
 - Masiqhame shareholders as at the date of execution of the Term Sheet will be free carried until such time that a mining right is granted; and
 - if Orion fails to advance the Principal in any 12 month period, Masiqhame may subject to notice periods demand that all of the Shares held by Orion be transferred back to the Masiqhame shareholders (excluding Orion) for nil consideration and remove Orion as manager.
- finalisation of a feasibility study; and
 - lodgement of an application for the grant of a mining right over some or all of the area of the prospecting right,

Following this, Masiqhame shall immediately issue further new Shares to Orion which shall result in Orion being the holder of 73% of the total Shares on issue immediately following such issue.

- The transaction is subject to due diligence to be conducted by Orion and all necessary regulatory approvals.



Errol Smart
Managing Director and CEO

Company Enquiries:

Denis Waddell - Chairman
Errol Smart - Managing Director and CEO
T: +61 8 9485 2685
E: info@oriongold.com.au

About Orion

Orion Gold is focused on acquiring, exploring and developing large tenement holdings or regional scale mineral opportunities in world-class mineral provinces. The Company has acquired quality projects in proven mineral provinces, including a large tenement package on the Connors Arc in Queensland, where a significant intermediate sulphidation, epithermal gold and silver system has been identified at Aurora Flats. The project lies between the Cracow and Mt Carlton epithermal deposits. The Company is increasing its focus on this project, following promising reports from expert consultants, and its fieldwork has led to the discovery of substantial epithermal systems at the Veinglorious and Chough Prospects.

Recently, the Company secured an outstanding growth and diversification opportunity in the global base metals sector after entering into an option to acquire an advanced volcanic massive sulphide copper-zinc project located in South Africa with near-term production potential. The option gives Orion the right to acquire an effective 73.33% interest in a portfolio of projects including an exploration project at the Prieska Copper Project, located near Copperton in the Northern Cape province of South Africa, and the Marydale Prospecting Right, a virgin gold discovery of possible epithermal origin, located 60 kilometres from the Prieska Copper Project. The Company is progressing extensive due diligence investigations.

The Company also holds a substantial tenement holding in the Albany-Fraser Belt, host to Australia's two most significant discoveries of the last decade (the Tropicana Gold Deposit and the Nova Nickel-Copper-Cobalt Deposit). Part of this tenement holding was acquired from entities associated with Mark Creasy who is now a significant shareholder in Orion. The project area was previously explored by Western Areas Ltd which identified mafic-ultramafic intrusives within the project area as well as nickel-copper-cobalt-PGE anomalies. Orion's intensive, systematic exploration programs have successfully defined 34 targets to date by a combination of geological, geochemical and geophysical methods.

Additionally, the Company owns the Walhalla Project located in Victoria, which is prospective for gold, copper – nickel and PGEs.

The Company has an experienced management team with a proven track record in exploration, development and adding shareholder value.

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.