

13 May 2016

Orion Gold_{NL}**ASX Code:** ORN**Issued Capital:**

Ordinary Shares: 421M

Options: 91M

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Amendment to terms of option over world-class VMS copper-zinc project in South Africa

Highlights:

- Option to acquire an effective 73.33% interest in the company holding Prospecting Rights over the historic Prieska Copper Mine, located at Copperton, Northern Cape province, South Africa extended to 31 December 2016.
- Option also covers a 73.33% interest in the Prospecting Rights over the Marydale Project, a virgin epithermal gold discovery located 60 kilometres from PC.
- Extension of Option period enables Orion to:
 - continue to conduct comprehensive due diligence, which is progressing well;
 - commence value add exploration activities including drilling; and
 - advance discussions with prospective investors interested in financing and/or joint venture participation in the proposed acquisition.
- Maiden exploration program to commence in coming weeks including:
 - drill testing of near surface copper-zinc mineralisation at the +105 Level Exploration Target (PC Project); and
 - drilling and trenching to advance the Marydale Gold Project.
- Orion is canvassing investor support for both equity and debt financing to complete the acquisition. Initial discussions with potential financiers for the project have been very positive at both South African and international level.
- PC is recorded as one of world's 30 largest VMS base metal deposits with recorded historical production of 0.43Mt of copper and 1Mt of zinc from 46.8Mt of sulphide ore milled⁽¹⁾. Unmined dip and strike potential is confirmed by extensive drilling and geophysics.

Orion Gold NL (ASX: ORN) is pleased to advise that the terms of the option to acquire an effective 73.33% interest in the company holding Prospecting Rights over the historic Prieska Copper Mine (**PC**), located at Copperton, Northern Cape province, South Africa have been amended. Importantly, the option term has been extended to 31 December 2016 which enables Orion to continue to conduct comprehensive due diligence, including geophysics, in-fill and confirmatory drilling and feasibility studies in advance of a decision to exercise the Option and to advance discussions with prospective investors interested in financing and/or joint venture participation in the acquisition.

On 30 July 2015, the Company announced that it had secured an outstanding growth and diversification opportunity in the global base metals sector after securing an option to acquire an advanced, volcanic massive sulphide (**VMS**) copper-zinc project located in South Africa with near-term production potential. Importantly, the acquisition target is well financed at project level to advance its main project, with ZAR30 million (A\$2.6 million) facility available from a South African Investment Fund. Importantly, the PC project also has a cash backed environmental fund of ZAR17.5 million (A\$1.5 million) which has not been needed since the mine closed in 1991.

The binding term sheet with private company Agama Exploration & Mining (Pty) Ltd (**Agama**) provides Orion with an exclusive right to carry out due diligence and to acquire Agama, which through its subsidiary companies, ultimately holds an effective 73.33% interests in the PC copper – zinc project and the nearby Marydale gold project (**Option**).

The key terms of the revised binding term sheet (**Term Sheet**) are set out below:

- The vendor group, who are unrelated and at arm's length to Orion, have agreed to option and sale terms, to sell a 100% interest in Agama.
- The Option is exercisable at Orion's election at any time before 31 December 2016 (previously 31 July 2016), and can be terminated at any time at Orion's election.
- Orion has committed to expend a minimum of ZAR1.2 million (A\$0.1 million) on an exploration program during the Option period. As detailed below, the exploration program will be undertaken at PC and Marydale and will include drilling and trenching to test near surface mineralisation, as well as soil sampling to identify additional mineralisation.
- Should Orion exercise the Option on or before 31 July 2016, the purchase consideration payable upon exercise of the Option to complete the acquisition is ZAR49 million (A\$4.3 million), of which:
 - Cash - ZAR29 million (A\$2.5 million) is payable in cash;
 - Consideration Shares - ZAR20 million (A\$1.7 million) is payable by issue of Orion fully paid ordinary shares (**Shares**), to be issued at a 10% discount to the 10 trading day VWAP of the Shares prior to the issue of the Shares (**Share Issue Price**); and
 - Each Share issued will have an attached unlisted Orion option, exercisable at a 100% premium to the Share Issue Price and expiring on the date which is 24 months following the date of issue of the unlisted option (**Unlisted Option**).
- Should Orion exercise the Option after 31 July 2016, the purchase consideration payable upon exercise of the Option to complete the acquisition is ZAR53 million (A\$4.6 million), of which:
 - Cash – ZAR31.5 million (A\$2.7 million) is payable in cash;
 - Consideration Shares - ZAR21.5 million (A\$1.9 million) is payable by issue of Shares at the Share Issue Price; and
 - Each Share issued will have an attached Unlisted Option.
- The Consideration Shares are subject to regulatory and shareholder approvals. If certain South African regulatory approvals for the issue of Shares to the vendors are not received within an agreed period, the Consideration Shares may be settled by cash payment to the vendors unable to obtain such approvals.
- Shares issued to the vendors will be subject to a 6-month voluntary escrow period from their date of issue and 75% of the Shares issued to the vendors will be subject to a 12-month voluntary escrow period from their date of issue;

- Option fees payable by Orion to maintain the Option are as follows:

Date Option fee due	ZAR	A\$ Equivalent ⁽²⁾
1 June 2016	250,000	22,000
1 July 2016	250,000	22,000
1 August 2016 – 31 December 2016	Nil	Nil

(2) Exchange rate conversion assumption: A\$1 = ZAR11.5.

Upon exercise of the Option, one final option fee will become payable to the vendor, which shall be equal to the previous option fee payment made by Orion.

- The acquisition is subject to:
 - due diligence to be completed by Orion;
 - Orion providing or procuring finance for Agama so that it can settle all shareholder loans. Should Orion exercise the Option on or before 31 July 2016, shareholder loans settlement will amount to an aggregate of ZAR31 million (A\$2.7 million). Should Orion exercise the Option after 31 July 2016, shareholder loans settlement will amount to an aggregate ZAR32.3 million (A\$2.8 million);
 - regulatory approvals;
 - the issues of Shares and unlisted Orion options to the vendors being approved by Orion shareholders where required by law, including the ASX listing rules; and
 - Agama disposing of all its assets and liabilities, other than the PC project and the Marydale project prior to settlement.

The Option represents a low-cost, counter-cyclical opportunity for Orion to expand its existing resource portfolio beyond greenfields exploration projects and create significant value for its shareholders.

The projects have a well established Broad Based Black Economic Empowerment ownership structure (26.66% ownership) in place with strong local partners.

Exploration Program

Since the execution of the Term Sheet, Orion has focused on legal title, environmental and technical due diligence. Due diligence investigations have not identified any fatal flaws and have confirmed the expectation that the PC project justifies fast track progress to feasibility study level.

Orion has used historic drilling results to estimate Exploration Targets as defined in the JORC Code (2012) for the +105 Level and Deep Sulphide Exploration Targets (Table1). Preparations are now well advanced for Orion's maiden resource delineation drilling programs at the PC Project which will test these mineralised zones and verify historical drilling intersections:

Table 1. Exploration Targets at the PC Project. Detail and supporting information relating to these Exploration Targets is contained in the ASX Release of 18 November 2015.

PC Project – Exploration Targets			
Area	Tonnage Range	Cu range (%)	Zn range (%)
+105 Level	3,000,000 – 4,500,000	1.0 – 1.6	1.3 – 2.0
Deep Sulphide	7,000,000 – 11,000,000	1.2 – 1.8	3.9 – 5.9

Drilling will focus on near surface mineralisation and test the Company's +105 Level Exploration Target (refer Table 1, ASX Release 18 November 2015). Drilling will infill and validate historical drilling which returned results including:

- 11.5 metres at 1.2% Copper + 7.2% Zinc from 109.5 metres (V04);
- 8.1 metres at 4.6% Copper + 2.5% Zinc from 106.05 metres (V09);
- 33.4 metres at 0.95% Copper + 0.80% Zinc from 16.4 metres (COC01);
- 8.4 metres at 1.25% Copper + 0.72% Zinc from 43.8 metres (COC02);
- 6.5 metres at 2.17% Copper + 0.38% Zinc from 46.8 metres (COC04);
- 6.6 metres at 1.63% Copper + 3.76% Zinc from 84.7 metres (COC05);
- 5.8 metres at 1.49% Copper + 6.93% Zinc from 70.6 metres (COC09); and
- 9.6 metres at 4.34% Copper + 0.39% Zinc from 51.9 metres following 6.0 metres at 0.34% Copper + 0.50% Zinc from 40.1 metres (COC10).

(Refer ASX Release 18 November 2015)

The initial drilling program will comprise 13 holes for approximately 1,800 metres of drilling to infill historical drilling so that a spacing of 40 metres by 40 metres is achieved. Three shallow inclination diamond drill holes will also test the viability of this method to evaluate the area impacted by historic mining and subsidence.

Due diligence work has also continued to locate and validate historical drilling data from the Deep Sulphide Exploration Target at the PC Project (Table 1). This data has been used to refine drill targets to test and confirm mineralisation within, or adjacent to, the Exploration Target. Geophysical methods are also being considered to confirm the morphology of the mineralised body and identify/refine the location of potential extensions to the massive sulphide mineralised zone.

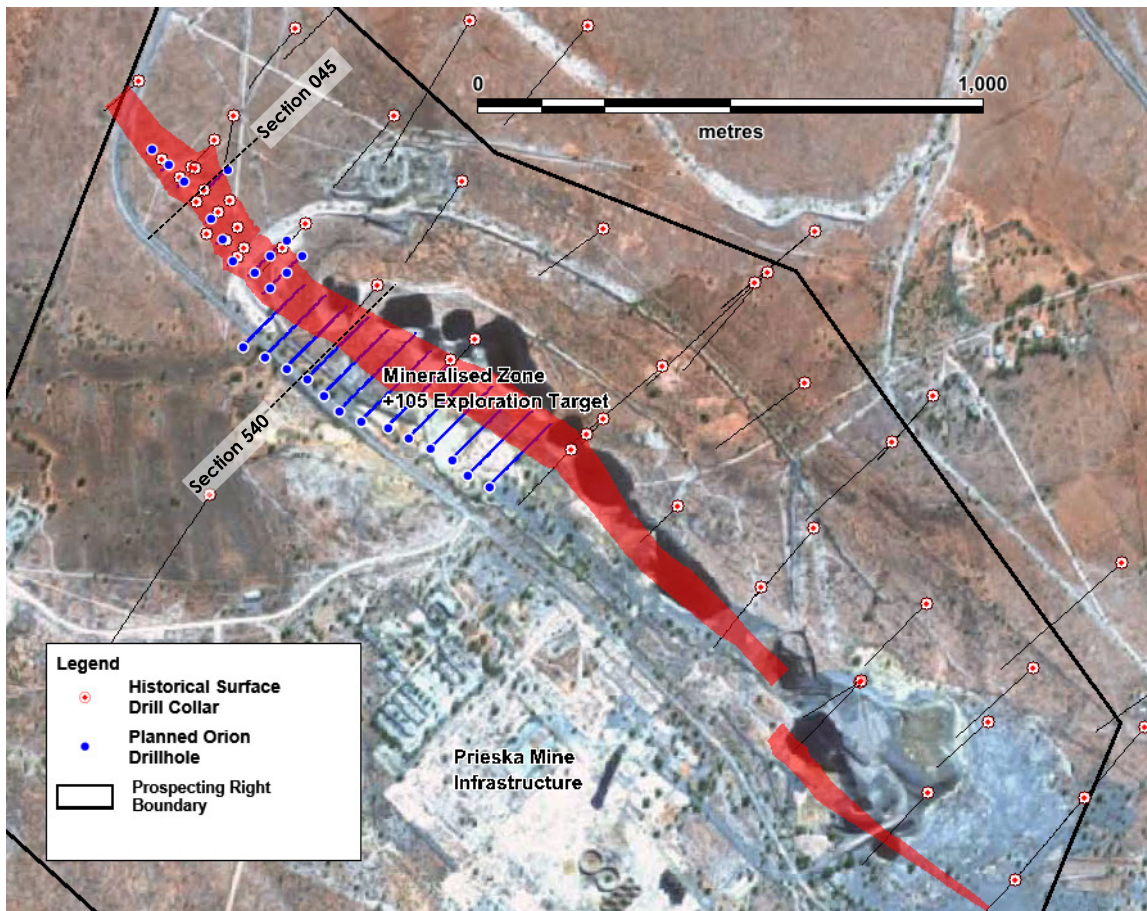


Figure 1: Plan showing the PC Project with historical and proposed drilling at the +105 Level Exploration Target.

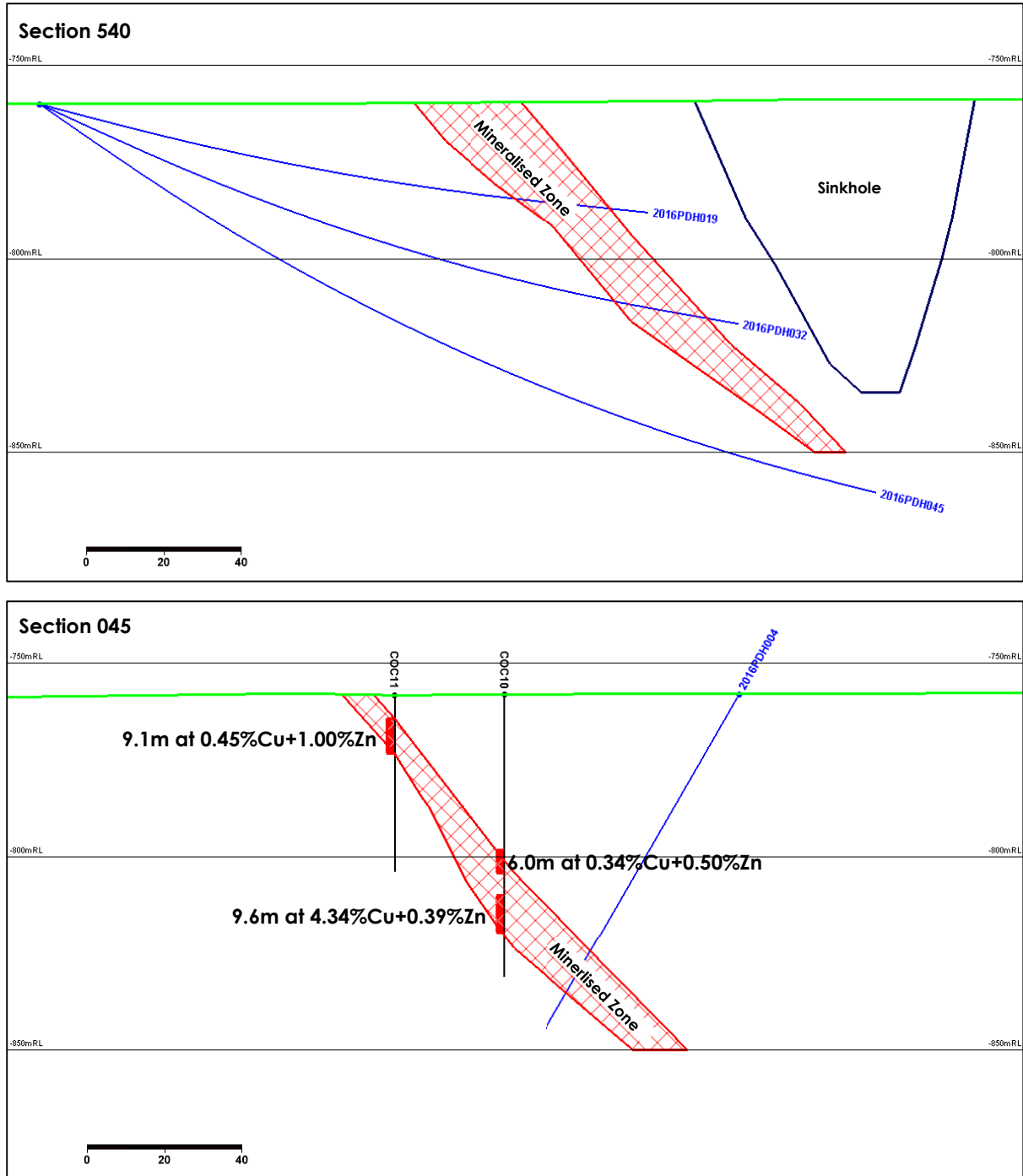


Figure 2: Sections showing historical and proposed drilling at the +105 Level Exploration Target (refer Figure 1 for section location).

A short phase of drilling and trenching will also be carried out at the Marydale Project, a virgin gold discovery of possible epithermal origin located 60 kilometres from the PC Project. Drilling will enable the geological model for the Maydale mineralisation to be tested by infilling historical drilling at the project. Results from this drilling included:

- 50.4 metres at 2.68g/t gold from 8.1 metres (WC08);
- 37.1 metres at 2.72g/t gold from 61.1 metres (WC09);
- 25.7 metres at 2.72g/t gold from 47.8 metres (WC22);
- 11.3 metres at 3.36g/t gold from 1.4 metres (WC10); and
- 12.1 metres at 2.37g/t gold from 56.2 metres and 27.4 metres at 2.18g/t gold from 72.6 metres (WC01).

(Refer ASX Release 18 November 2015)

Historical drilling was carried out at sub-optimal orientations (Figure 3) and the combination of drilling data with surface mapping and sampling from trenching will enable future drilling to be correctly targeted. Trenching will also test surface geochemical anomalies reported by Anglo and other historical explorers.

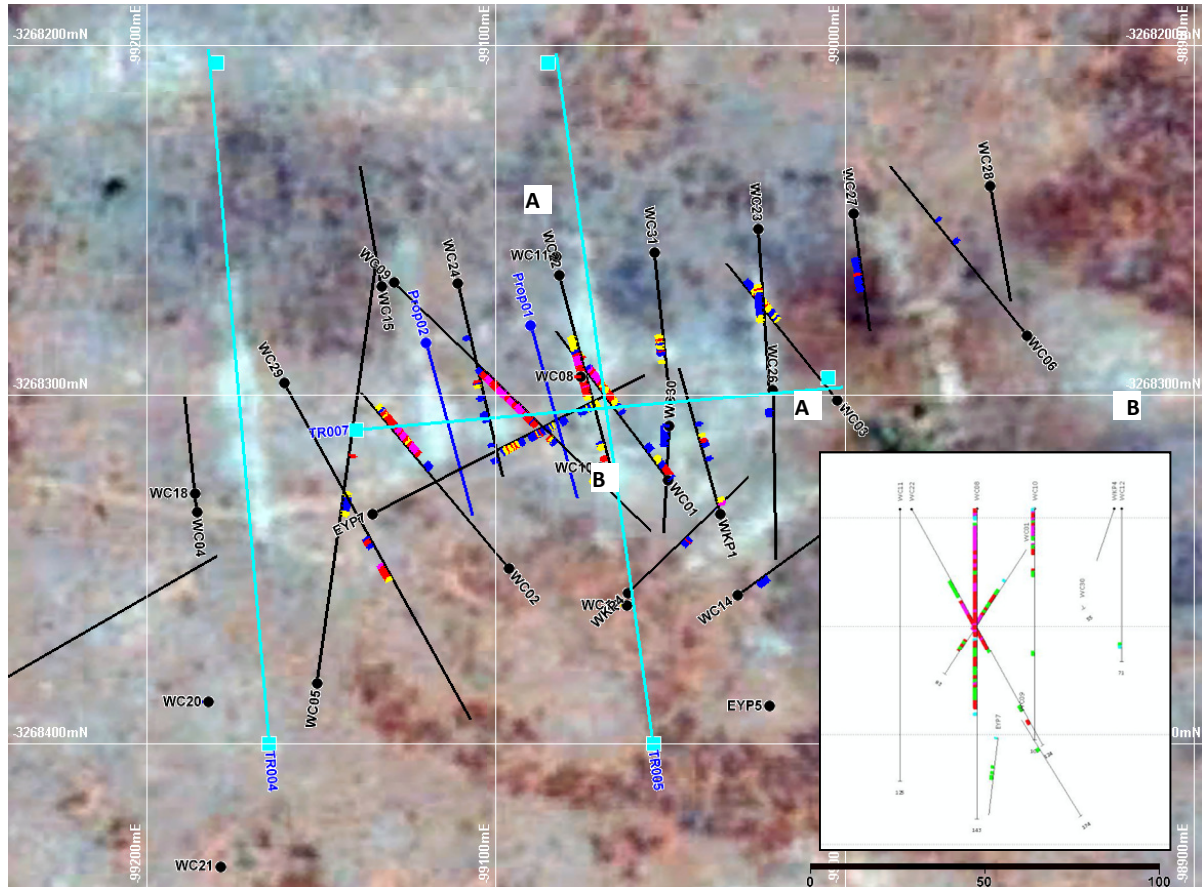



Figure 3: Plan showing historical and proposed drilling at the Marydale Project and (inset) section A – B

Forward Plan

Orion is canvassing investor support for both equity and debt financing to complete the acquisition. Initial discussions with potential financiers for the project has been very positive at both South African and international level.

Several enquiries have been received from prospective investors interested in advancing discussions with regard to financing and/or joint venture participation in the proposed acquisition.



Errol Smart
Managing Director and CEO

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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 well known 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.