

16 June 2016

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

Ordinary Shares: 454M

Options: 91M

Directors:**Denis Waddell**
Chairman**Errol Smart**
Managing Director, CEO**Bill Oliver**
Technical Director**Alexander Haller**
Non-Executive Director**Management:****Martin Bouwmeester**
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Drilling Commences at key Gold and Zinc-Copper Projects in South Africa and Capital Raising

Highlights:

- **Drilling has commenced at the Marydale Gold Project, a virgin gold discovery where historical drilling returned outstanding thick intercepts such as 50.4m at 2.68g/t gold⁽¹⁾.**
- **Drilling is also underway at the historical Prieska Copper Mine Zinc-Copper Project to in-fill historical drilling and test for extensions to the mineralisation.**
- **Placement of 20 million Shares at \$0.015 per Share to raise \$0.3 million.**

Further to its announcement of 8 June 2016, Orion Gold NL (ASX: **ORN**) is pleased to confirm that the maiden drill program at its **Marydale Gold Project** and historical **Prieska Copper Mine Zinc-Copper Project**, both within the Areachap Belt in South Africa, is now underway.

Drilling has commenced at the Marydale Gold Project, a virgin gold discovery of possible epithermal origin, located 60km from the historical Prieska Copper Mine (**PC**) Zinc-Copper Project. Drilling will test the geological model for the mineralisation by in-filling historical drilling at the project with oriented core drilling.

Drilling is also underway at the PC Zinc-Copper Project, focusing on near-surface mineralisation at the Company's +105 Level Exploration Target (Refer Table 1 of ASX Release 8 June 2016).

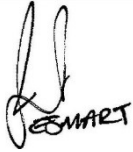
Capital Raising

The Company is also pleased to advise that it has received commitments from investors to raise \$0.3 million by way of placement of 20 million fully paid ordinary shares (**Shares**) at \$0.015 per Share.

The placement has been made to sophisticated investors, pursuant to Section 708A of the Corporations Act 2001. The issue of these Shares falls within the 15% capacity for issues of equity securities without shareholder approval afforded by ASX Listing Rule 7.1.

The placement follows the Company's announcement on 3 May 2016 that under the terms of the agreement for the sale of the Company's Eastern Goldfields Project, it had issued 33.3 million Shares to Eastern Goldfields Limited (ASX: EGS) to raise \$0.5 million.

The proceeds will be used to progress drilling and exploration work as part of due diligence being undertaken on the Areachap project, to progress exploration work at Connors Arc in Queensland and for working capital purpose.



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 Cracow and Mt Carlton epithermal deposits.

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.

Competent Persons Statement

The information in this report that relates to Exploration Results and the Exploration Targets at the Prieska Copper 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 Paul Matthews, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Matthews has sufficient experience that is relevant to the style of mineralisation 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 Matthews consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. The Exploration Results are based on standard industry practises for drilling, logging, sampling, assay methods including quality assurance and quality control measure as detailed in the ASX Release of 18 November 2015.

The information in this report that relates to Exploration Results at the Marydale project complies with the JORC Code and is based on information compiled by Mr Hano Hamman, a Competent Person who is a Member of the South African Council of Natural Earth Scientists, a ROPO organisation in terms of JORC 2012. Mr Hamman has sufficient experience that is relevant to the style of mineralisation 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 Hamman consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. The Exploration Results are based on standard industry practises for drilling, logging, sampling, assay methods including quality assurance and quality control measure as detailed in the ASX Release of 18 November 2015.

The information in this report that relates to Epithermal origin of the Marydale 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. 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 mineralisation 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.

Disclaimer

This release may include forward-looking statements. Such forward-looking statements may include, among other things, statements regarding targets, estimates and assumptions in respect of metal production and prices, operating costs and results, capital expenditures, mineral reserves and mineral resources and anticipated grades and recovery rates, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. 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. 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 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. All information in respect of Exploration Results and other technical information should be read in conjunction with Competent Person Statements in this release. To the maximum extent permitted by law, Orion and any of its related bodies corporate and affiliates and their officers, employees, agents, associates and advisers:

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- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).