

7 September 2016

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

Ordinary Shares: 475M

Options: 85M

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Massive sulphides intersected in drilling at Kantienpan Deposit

Highlights:

- Massive sulphides intersected in Orion's first drill hole at Kantienpan.
- Intersection visually similar to historical drilling at Kantienpan, including adjacent KN005 which returned 8.84m at 6.32% Zn + 1.02% Cu.
- Under a binding option agreement with Masiqhame, Orion can earn up to a 73% interest in Masiqhame.
- Masiqhame holds prospecting rights over a large, highly prospective area located approximately 80 km north of the Prieska Copper Project.
- Known occurrences of sulphide zinc-copper and nickel are recorded on the prospecting rights.
- Prospective for VMS, SEDEX and mafic intrusive hosted base metal mineralisation, as well as lithium and rare earth element bearing pegmatite.
- Amendment to the Masiqhame option agreement enables Orion to commence value add exploration activities, including drilling, the cost of which is deducted from the consideration payable by Orion for initial 50 % earn-in of Masiqhame.

Orion Gold NL (ASX: ORN) is pleased to advise that massive sulphides have been intersected in the Company's first drill hole at the Kantienpan Deposit in the Northern Cape Province, South Africa.

Significantly the abundance and species of sulphides intersected (Figure 1) are similar to those seen in historical drilling at Kantienpan, including KN005 which returned 8.84m at 6.32% Zn + 1.02% Cu. KN005 is 50m south of the first drill hole, OKNR014.

The Company is also pleased to advise that the terms of the option to earn up to a 73% interest in Masiqhame Trading 855 Pty Ltd (**Masiqhame**) have been amended. Masiqhame holds the prospecting right located 80 km north of the historical Prieska Copper Mine Zinc- Copper Project at Copperton in which the Kantienpan Deposit lies and which also covers a number of other recorded zinc-copper occurrences.

Importantly, the option term has been amended to enable Orion to commence exploration activities including drilling referred to above and have the cost of this work program deducted from the consideration payable of ZAR1,500,000 (~A\$130,000) by Orion for 50% of Masiqhame shares on issue.



Figure 1: Massive sulphides in OKNR014 between 60 m and 70 m (left to right). Note each divider shows chips from a 1m interval.

A total of 14 historical diamond core holes for 3,199m were drilled at the Kantienpan Deposit by Iscor Ltd (Figure 2). Significant intersections include the following results:

- 8.84 metres at 6.32% zinc and 1.02% copper (KN005);
- 6.15 metres at 4.74% zinc and 0.49% copper (KN010);
- 7 metres at 3.15% zinc and 0.57% copper (KN007);
- 13 metres at 3.96% zinc and 0.36% copper (KN003); and
- 2.6 metres at 6.59% zinc and 0.35% copper (KN011).

(Refer ASX Release 31 May 2016)

Orion's drilling at Kantienpan aims to confirm historical drilling and test potential strike extensions to mineralisation (Figure 2). A fence of holes will be drilled to the north and south of the historical drilling to test these areas. In addition holes will be drilled in close proximity to selected holes to confirm both historical results and interpreted orientations to the mineralised zone.

Data from drilling will be used to assist in the interpretation of a high powered ground electromagnetic (**EM**) survey which is anticipated to commence in coming weeks to enable targeting of future drilling.

The Kantienpan Deposit was delineated by a previous fixed loop EM survey and has very poor surface exposure. The new high powered survey will provide significantly greater resolution and depth penetration, enabling the morphology of the conductor to be modelled prior to deeper drilling. Historical modelling interpreted a "bend" in the strike of the conductor near its southern end, however no mineralisation was intersected in KN008. The results in OKNR014 indicate that mineralisation may continue unabated along strike, and the new EM survey should provide further information to test this hypothesis.

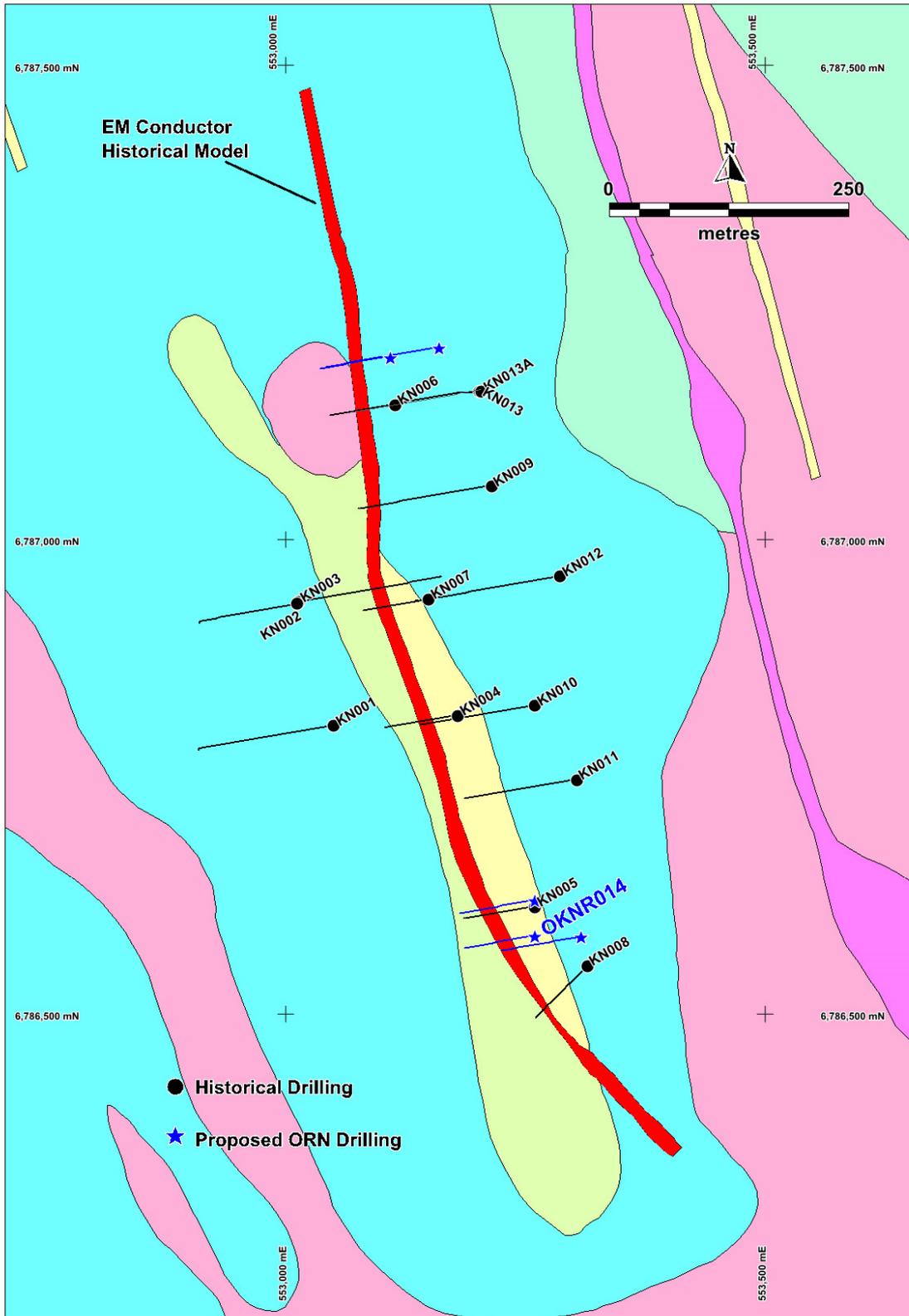


Figure 2: Plan showing historical and proposed drilling at Kantienpan.

Key Terms of the Term Sheet

On 29 April 2016 the Company announced that it had executed a binding option agreement with Masiqhame for Orion to earn up to a 73% interest in Masiqhame. Key terms of the amended binding term sheet (**Term Sheet**) are as follows:

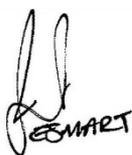
- Orion has the opportunity to earn up to a 73% interest in Masiqhame.
- Masiqhame is a privately owned South African company with 100% Historically Disadvantaged South African ownership. Masiqhame is thus black economic empowerment (**BEE**) compliant from the outset and Orion will earn in to an incorporated 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 rights 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) less all expenditure by Orion on the exploration program currently underway, to invest in new fully paid Masiqhame shares (**Masiqhame Shares**); and
 - Masiqhame will issue Orion with Masiqhame Shares which shall result in Orion being the holder of 50% of the total Masiqhame Shares on issue immediately following such issue of Masiqhame 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 rights;
- Masiqhame will then apply the ZAR1,500,000 Orion has invested in Masiqhame Shares, less all expenditure by Orion on the exploration program currently underway, to execute exploration programs on the prospecting rights.
- Once Orion has earned the initial 50% interest in Masiqhame through the issue of Masiqhame Shares to Orion, Orion 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 rights,

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

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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.

Recently, the Company has secured an outstanding growth and diversification opportunity in the global gold and base metals sectors and has secured options and earn-in rights over a combined area of 1790km² on the highly prospective Areachap belt, North Cape Province of South Africa. These include:

- An option to acquire an advanced volcanic massive sulphide copper-zinc project 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 km from the Prieska Copper Project. The Company is progressing extensive due diligence investigations. (refer ASX release 18 November 2015).
- An earn in right to ultimately earn a 73% interest to a 980km² prospecting right area located approximately 80 km north of the Prieska copper Project. The project area contains several VMS and VHMS zinc and copper targets including the advanced stage Kantienpan zinc – copper project (refer ASX releases 29 April 2016 and 31 May 2016).
- An earn in right to ultimately earn an 80% interest, via a South African registered special purpose vehicle which will be 74% owned by Orion, to prospecting and mining right applications covering a combined and partially overlapping area of 626km². The mineral rights areas include an

advanced stage ultramafic hosted nickel – copper project, analogous to the geology of the Fraser Range, Western Australia. Several VMS and VHMS copper-zinc targets are also located within this mineral rights package. (refer ASX release 14 July 2016).

The Company also continues to explore 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.

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 a major shareholder in Orion. 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 technical information in this report that relates to the Masiqame Project complies with the 2012 Edition of the JORC Code (**JORC Code**) and has been compiled and assessed under the supervision of Mr Deon Rossouw. Mr Rossouw (GSSA and SAIMM) is registered with the Geological Society of South African and a long standing member of the South African Institute of Mining and Metallurgy, both being ROPOs for JORC purposes and has experience in the identification and exploration of mineralisation of this style. Mr Rossouw consents to the public release of the information in the context contained within this release as a Competent Person as defined in 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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