

29 August 2014



Option Agreement – Walhalla Project

Orion Gold NL (ASX: ORN) is pleased to announce that it has entered into an option agreement with A1 Consolidated Gold Limited (A1 Gold) for A1 Gold to acquire Orion's Walhalla Project tenements in Victoria.

Key terms of the option agreement are:

- 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;
- 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:
 - \$500,000 cash payment;
 - \$500,000 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.

A1 Gold is a junior gold exploration company focused on developing the A1 Gold Project in the Woods Point – Walhalla Goldfield in Victoria. A1 Gold is currently undertaking underground development at the A1 Gold Mine.

Orion's Managing Director, Mr Errol Smart stated "Entering into an option agreement with A1 Gold, a well established Victorian gold mine developer, will upon exercise of the option enable Orion to retain an interest in Victorian gold through its shareholding in A1 Gold and benefit from a royalty on all gold produced by A1 Gold on the tenements. Importantly, under the terms of the option agreement Orion retain the rights for and will continue to explore for copper, nickel and PGE on the tenements. Orion will continue to focus on its prospective projects in the Fraser Range and Connors Arc in Queensland."

Whilst 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, 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 WDPS and three of these lie with Orion's tenement package (Figure 1). 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 & 1980's).

ASX Code: ORN

Issued Capital:

Ordinary Shares: 244M

Options: 88M

Directors:

Denis Waddell

Chairman

Errol Smart

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Bill Oliver

Technical Director

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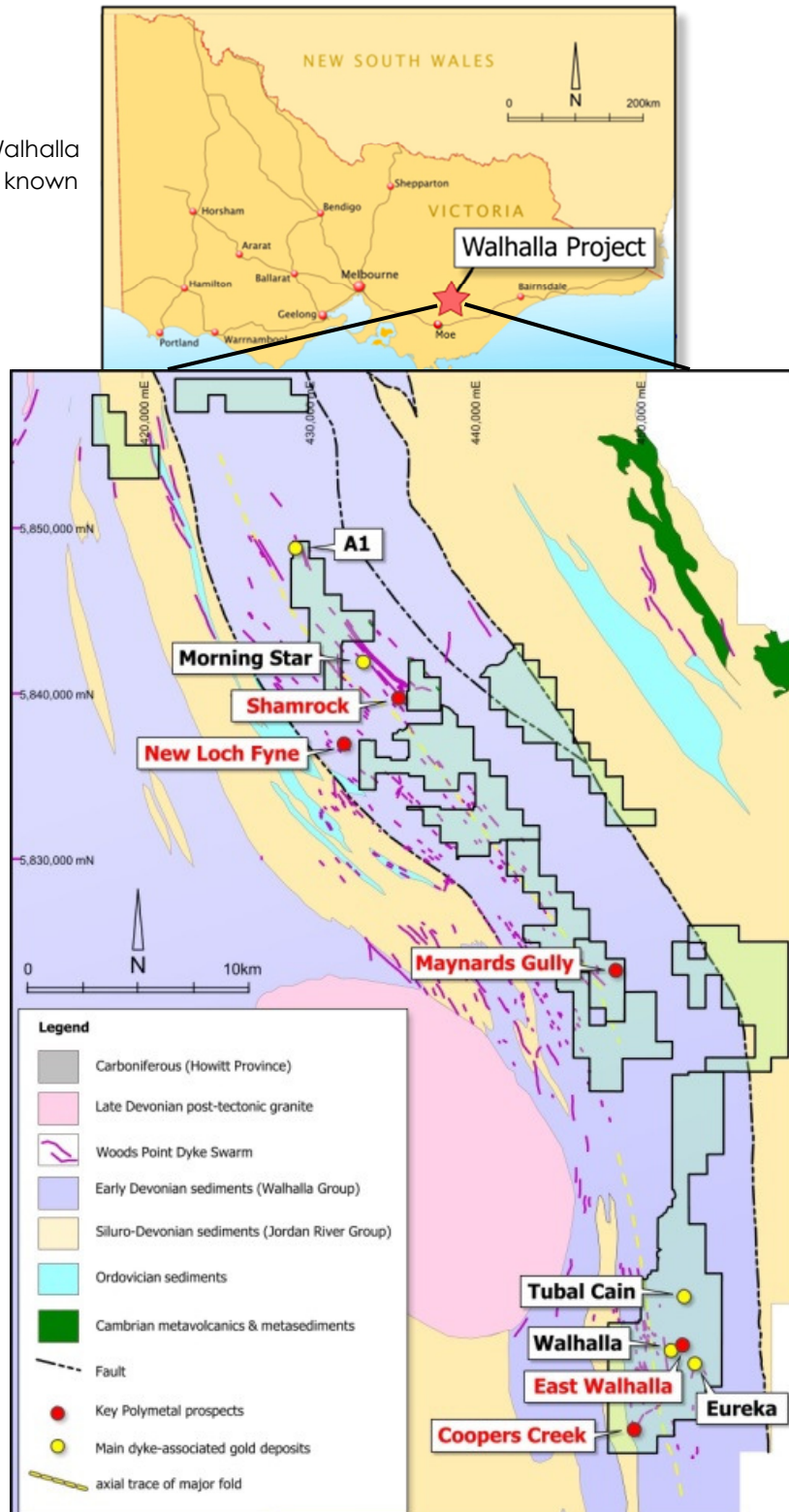
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The new understanding of the related polymetal and gold mineralisation in this district, as well as the model for mineralisation to be controlled by magmatic processes, has lead Orion to a new focus on exploration for polymetal, dyke-hosted deposits. 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.

Figure 1: Location of the Walhalla Gold-PGE Project showing known Cu-Ni-PGE occurrences.





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 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 who 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 23 targets to date by a combination of geological, geochemical and geophysical methods.

The Company's other assets are the Connors Arc Epithermal Gold Project in Queensland, between the Cracow and Mt Carlton operations and the Walhalla Project in Victoria, where it is focussing on Copper-PGE mineralisation. 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.