

30 March 2017

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

Ordinary Shares: 792M

Options: 180M

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Orion embarks on base metal development strategy after completing acquisition of world-class VMS Zinc-Copper Project in South Africa

Maiden JORC resource due in the June 2017 Quarter as Orion plans a major drill program from surface to test the depth extensions below the mineralisation previously mined

Highlights:

- Orion has completed the acquisition of 100% interest in Agama Exploration & Mining.
- Through its subsidiary companies, Orion now holds an effective 73.33% interest in the Prospecting Rights over the historical Prieska Zinc-Copper Mine, located at Copperton in the Northern Cape Province of South Africa, as well as the nearby Marydale Gold-Copper Project.
- The historical Prieska Zinc-Copper Mine is recorded as one of world's 30 largest VMS base metal deposits based on historical production of 0.43Mt of copper and 1Mt of zinc from 46.8Mt of sulphide ore milled⁽¹⁾.
- Unmined dip and strike potential has been confirmed by extensive drilling and geophysics.
- Maiden Mineral Resource for the +105 Level Target (open pit) due for completion in the June 2017 Quarter.
- Access to the underground workings at the historical Prieska Zinc-Copper Mine will allow a detailed assessment of the current state of the shaft and other underground infrastructure as well as to conduct drilling and extraction of samples for metallurgical testwork purposes.
- Preparations ramping up for extensive drilling programs targeting deeper sulphide mineralisation at Prieska.

Further to the announcement of 17 March 2017, **Orion Gold NL (ASX: ORN)** is pleased to advise that it has now completed the acquisition of Agama Exploration & Mining (Pty) Ltd, which holds one of the world's largest historical VMS zinc-copper deposits⁽¹⁾ in the Northern Cape Province of South Africa.

Following the completion of this transaction, Orion, through its subsidiary companies, now holds an effective 73.33% interest in the company holding Prospecting Rights over the historical Prieska Copper Mine (**PC**), located at Copperton, Northern Cape province, South Africa, and the Marydale Gold-Copper Project, a volcanogenic gold-copper discovery located 60km from PC (Figure 1).

The purchase consideration paid on settlement of the acquisition was ZAR53 million (~A\$5.5 million), of which ZAR31.5 million (~A\$3.3 million) was paid in cash and ZAR21.5 million (~A\$2.2 million) was paid by issue of Orion shares (each share having an attached unlisted Orion option) (refer ASX release 29 March 2017).

(1) Sources: Galley et al., 2007, Volcanogenic massive sulphide deposits in Goodfellow, W.D., Geological Association of Canada, Mineral Deposits Division, Special Publication No.5; Mine records

In addition, Orion provided finance for Agama to enable it to settle all historical shareholder loans to an aggregate amount of approximately ZAR33.3 million (~A\$3.4 million).

With the acquisition now completed, Orion has embarked on an intensive growth and development strategy aimed at establishing the Company as a significant new player in the global base metal sector.

Orion is well financed at project level to advance the PC Project, with a ZAR30 million (~A\$3.0 million) facility available from a South African Investment Fund. Importantly, the PC Project also has a cash-backed environmental fund of ZAR18.2 million (~A\$1.82 million) which has not been needed since the mine closed in 1991.

Forward Plan

In recent months, the Company has announced highly encouraging exploration results from the +105 Level Target (open pit) at the Prieska Zinc-Copper Project. As announced in previous ASX releases, modelling of the mineralisation intersected in this drilling is now underway with the objective of producing JORC 2012 compliant Mineral Resources in the June 2017 Quarter and feeding these resource estimates into a Pre-Feasibility Study.

In addition, the Company recently announced that the Department of Mineral Resources has granted permission to access the underground workings at the PC Project.

The regulatory permission to access the underground workings via the decline roadway allows Orion to confirm that the access is safe and then to conduct a detailed assessment of the state of the underground workings and the concrete-lined shaft at the PC Project. This work is aimed at completing engineering and cost studies for inclusion into feasibility studies.

Underground access will also allow the Company to undertake an infill drill program from underground, to aid in the estimation of Mineral Resources (as defined in the 2012 JORC Code), of the +105 Level Target (open pit) area, planned for completion in June 2017 Quarter.

In addition, the Company is planning a major drill program from surface to test the depth extensions to the mineralisation that was mined historically. The PC Project produced 0.43Mt of copper and 1Mt of zinc from 46.8Mt of sulphide ore milled⁽¹⁾. Extensive historic drilling below old workings confirmed continuation of the massive sulphide mineralisation at similar widths and grades to that previously mined.

The Company will provide more detailed information on its upcoming work programs in the near future.



Errol Smart
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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 such mineral provinces.

Orion has recently acquired an effective 73.33% interest in a portfolio of projects including an advanced volcanic massive sulphide zinc-copper exploration project with near-term production potential at the Prieska Zinc-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 Zinc-Copper Project. (refer ASX release 30 March 2017).

In addition to the Prieska Zinc-Copper Project and Marydale Gold Project, the Company has entered into options and earn-in rights agreements over a combined area of 1606km² in the highly prospective Areachap belt, North Cape Province of South Africa (Figure 1). This has secured an outstanding growth and diversification opportunity for the Company. Agreements entered into include:

- An earn in right to ultimately earn a 73% interest in 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 31 May 2016 and 29 April 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's fieldwork has led to the discovery of substantial epithermal systems at the Veinglorious and Chough Prospects.

The Company also has joint ventures over its Fraser Range Project, which are funded to the completion of pre-feasibility by Independence Group NL (ASX: IGO). The Fraser Range Project consists of a substantial tenement holding in the Albany-Fraser Belt, which hosts Australia's two most significant discoveries of the last decade (the Tropicana Gold Deposit and the Nova Nickel-Copper-Cobalt Deposit). (refer ASX release 10 March 2017).

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

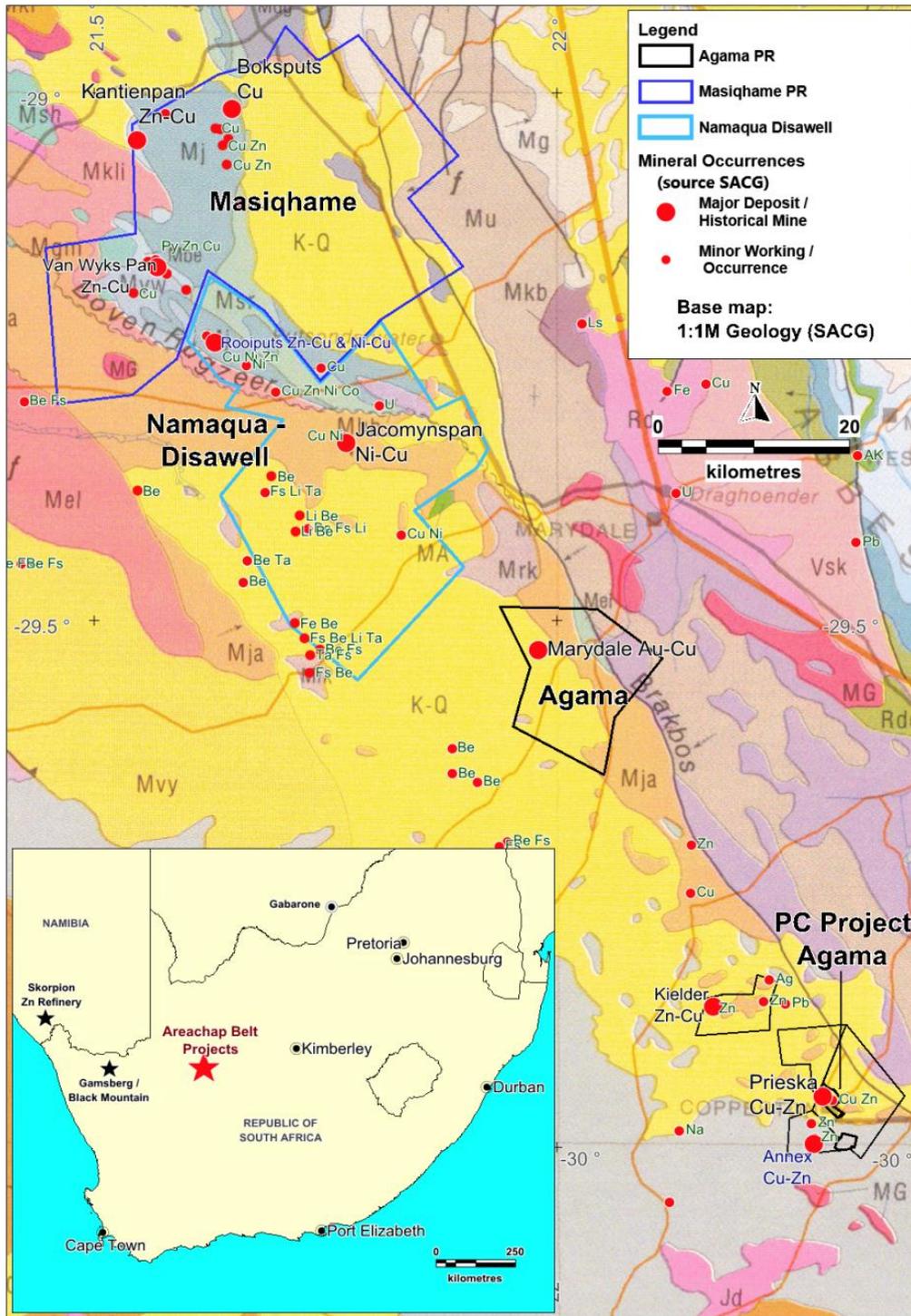


Figure 1: Regional geology map of the Areachap Belt showing prospecting rights owned by Orion and currently under option to Orion and noted mineral occurrences as per published data from South African Council for Geoscience.

Competent Persons Statement

The information in this report that relates to Orion's Exploration Results at the PC and Marydale Project comply with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**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 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 Smart consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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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