ASX Announcement / Media Release

14 December 2016

Substantial massive sulphide zone intersected in latest drilling at Kantienpan Zinc-Copper Deposit, South Africa

Follow-up hole to commence in early January as down-hole EM survey indicates strongest conductor located to the north of this intersection

Highlights:

- **OKND016 intersects 22m zone of massive and disseminated sulphides at the level predicted by the recent high-powered ground EM survey.**
- **Mineralised zone includes 6.81m of massive sulphides.**
- **This follows last week's intersection in OKND017 of 25m of massive and disseminated sulphides (including 1.91m of massive sulphides).**
- **Down-hole EM survey carried out on OKND017 indicates that the strongest conductor is located to the north of, and deeper than, the intersection in this hole. This provides a clear follow-up drill target.**
- **Drilling also continuing at the Prieska Zinc-Copper Project (targeting near surface zinc-copper mineralisation) and the Marydale Gold - Copper Project (testing significant IP anomalies).**

Orion Gold NL (**ASX: ORN**) is pleased to advise that it has intersected a **thick zone of disseminated and massive sulphides** in the second drill hole designed to test the KN1 Conductor at the **Kantienpan Zinc-Copper Deposit** in the Northern Cape Province, South Africa. The KN1 Conductor was delineated in the recently completed high - powered ground electromagnetic (**EM**) survey.

OKND016 has intersected a 22m zone of massive and disseminated sulphides with 16 bands of massive sulphides up to 1.6m in length. The cumulative length of massive sulphides is 6.81m.

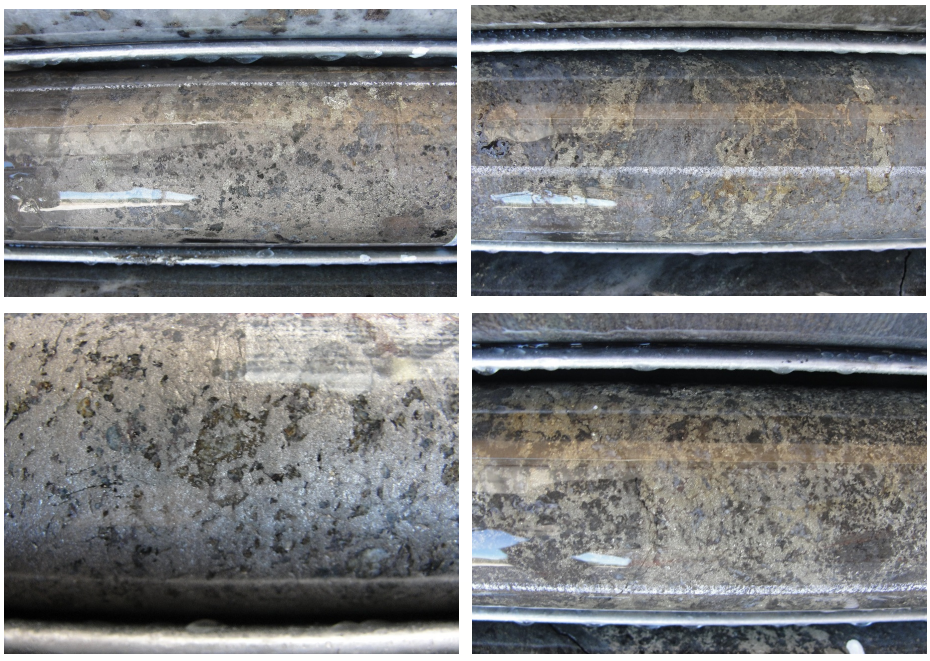

Figure 1: Close-up of the sulphide-bearing zones intersected between 404.8m – 426.9m in OKND016 at the Kantienpan Zinc-Copper Deposit.

ASX Code: ORN

Issued Capital:

Ordinary Shares: 556M

Options: 85M

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Figure 2: Drill core recovered between 404.8m – 414m in OKND016 at the Kantienpan Zinc-Copper Deposit including nine massive sulphide bands.

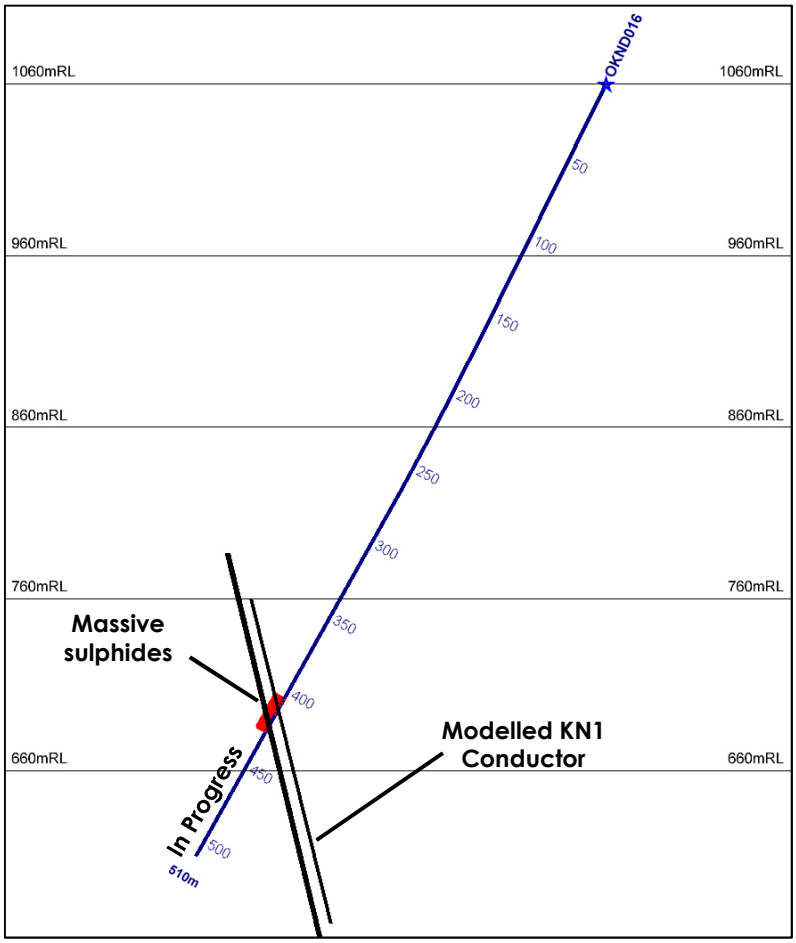

Figure 3: Cross-section showing OKND016 and KN1 conductive body as modelled from both ground and downhole EM. Note that OKND016 is currently at 444.9m with a target depth of 510m.

OKND016 provides further confirmation that the KN1 conductor is a result of massive and disseminated sulphide mineralisation (see Figures 1 and 2), following the intersection of massive and disseminated sulphides in OKND017 (refer ASX release 7 December 2016).

The mineralised package intersected in OKND016 consists of intervals of massive sulphides (principally, pyrhottite, pyrite, sphalerite and chalcopyrite), alternating with banded sulphides/stringers in a gneissic unit.

The KN1 conductor was modelled to be substantially larger and more conductive than the shallower conductor which was tested by historical drilling (refer ASX release 4 October 2016). Encouragingly, while the thickness of the sulphide-bearing zone is similar between the two holes, there is significantly more massive sulphides within the zone intersected in OKND016.

A down-hole EM survey has been completed on both OKND016 and OKND017. The survey indicates that the strongest response is located between, and slightly deeper (down dip on the horizon) than the zone of massive and disseminated sulphides intersected in these holes (Figures 4 and 5).

Based on the intersections in OKND016 and OKND017, the strongest response is likely to correlate with zones containing a greater proportion of massive sulphides. Follow-up drilling at Kantienpan, will test this priority target early in the New Year.

Drilling in the New Year will also test at a level 100m vertically below the intersections in OKND016 and OKND017. Due to the orientation of the mineralised zone and depth achieved with drilling, the downhole EM survey has not been able to determine the limit of down-dip extent of the conductor. As such mineralisation remains open at depth. The conductor modelled in the high powered ground survey extended for at least another 120m vertically below the conductor modelled from the downhole surveys (Figure 4).

The Kantienpan Deposit lies within the prospecting right held by Masiqhame Trading 855 Pty Ltd (**Masiqhame**), in which Orion has exercised its option to acquire a 50% interest (subject to regulatory approval) and under the option agreement can earn up to a 73% interest (refer ASX release 29 September 2016, Figure 6).

The Company also continues to drill near surface targets at the Prieska Zinc-Copper Project with massive sulphides continuing to be intersected in drilling (refer ASX releases 23 November 2016 and 7 December 2016). In addition, drilling is ongoing at the Marydale Gold-Copper Project testing significant induced polarisation (**IP**) anomalies delineated in a recent survey by the Company as discussed in the ASX releases of 23 November 2016 and 7 December 2016.

Drilling will continue over the next week prior to the Christmas/New Year break, and is scheduled to resume on 9 January 2017.

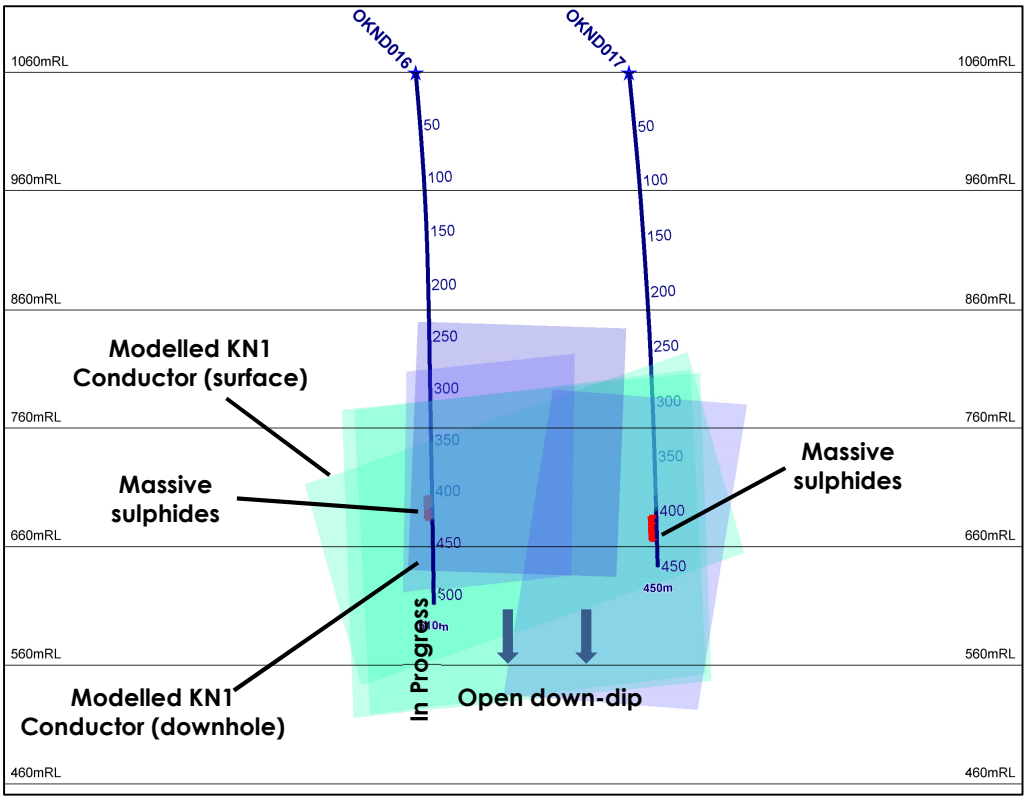

Figure 4: Long-section showing OKND016 and OKND017, KN1 conductive body as modelled from ground EM survey (green) and downhole surveying (blue). Note that the modelled plates from downhole surveys have limited search ellipses applied.

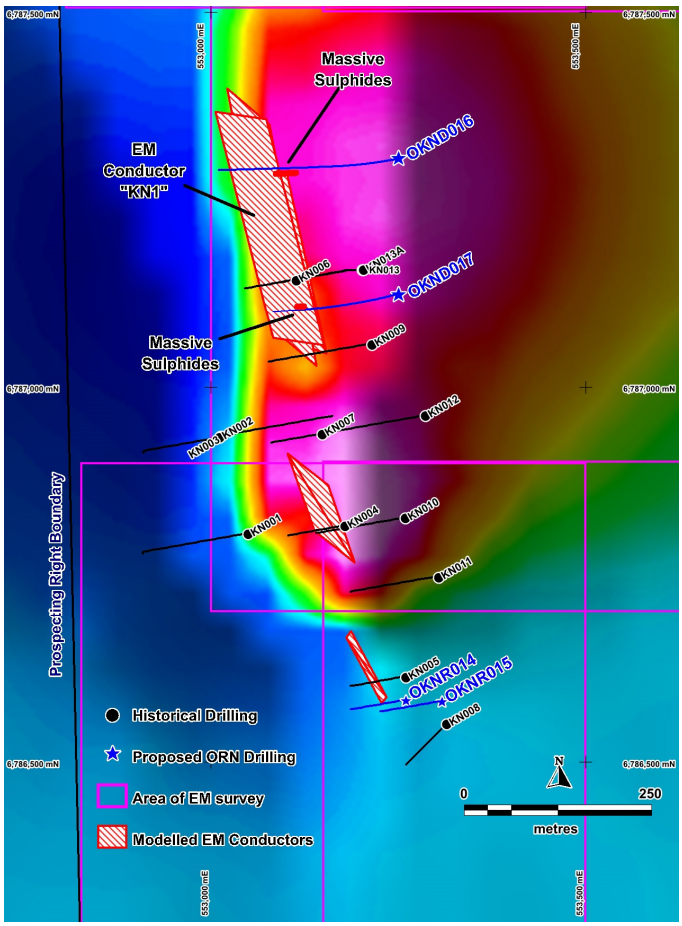

Figure 5: Plan showing Orion's drilling at Kantienpan including OKND016 and 17 on response from Channel 30 from Orion's recent HP_FLEM survey. Historical drilling and modelled conductors (including KN1) from survey data are also shown.

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 1790km^2 on the highly prospective Areachap belt, North Cape Province of South Africa (Figure 6). 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 in a 980km^2 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 626km^2. 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 large 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.

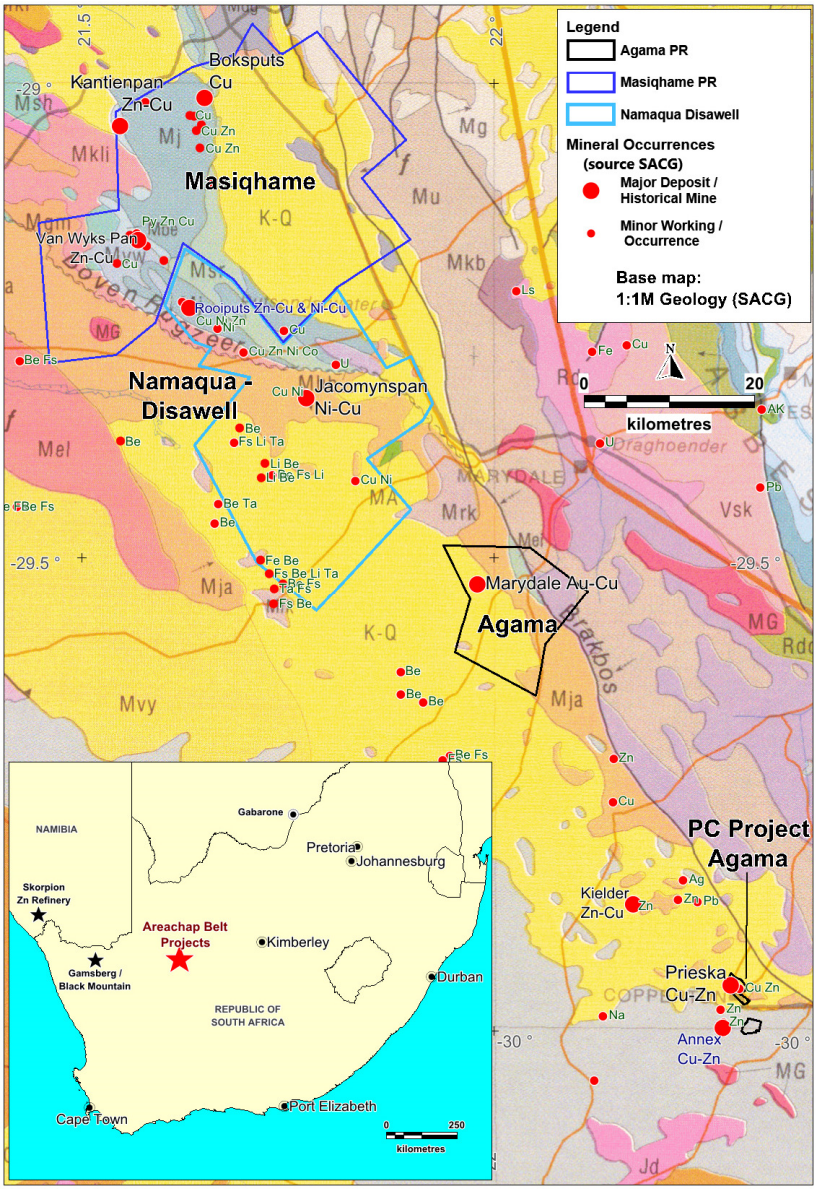

Figure 6: Regional geology map of the Areachap Belt showing prospecting rights currently under option to Orion and noted mineral occurrences as per published data from South African Council for Geoscience.

Competent Persons Statement

The information in this report that relates to Orion's Exploration Results at the Kantienpan Project complies 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. 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 Appendix 2.

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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:

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions;
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- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

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Appendix 1: Significant Intersections from Orion drilling at the Kantienpan Zinc–Copper Deposit.

	Collar Location (UTM Zone 34S)		Dip / Azimuth	Total Depth (m)	Intercept Data			Assay Data	
Hole ID	**Easting**	**Northing**			**From (m)**	**To (m)**	**Length (m)**	**Zn (%)**	**Cu (%)**
OKNR014	553260	6786583	-60 / 260	78	60	67	7.0	6.45	0.43
				including	63	66	3.0	7.94	0.50
OKNR015	553308	6786582	-60 / 260	135	*No intersection*				
OKND016	553250	6787305	-65 / 260	***	*Drilling In Progress*				
OKND017	553250	6787125	-65 / 260	***	*Drilling In Progress*				

1. All intersections > 1% Zn.
2. OKND016 is currently at 444.9m with planned depth of 510m.
3. OKND017 is currently at 443.3m with planned depth of 450m.
4. It is recommended that the supporting information contained in Appendix 2 is read in conjunction with these results.

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Appendix 2: The following tables are provided to ensure compliance with the JORC Code (2012) requirements for the reporting of Exploration Results.

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Diamond core drilling targeted to test EM target – conductive body detected in ground EM survey interpreted to be related to sulphide mineralisation. • Sampling carried out under supervision using procedures outlined below including industry standard QA/QC. • ORN RC drilling sampled every metre by splitting at the sampling yard. • ORN DD drilling sampled by splitting core in half using diamond saw, sampled every metre unless sample intervals adjusted to match geological intervals. • Historical drilling was carried out on sections spaced between 100 and 200 metres, with holes drilled at 50 metre spacing on section. Current drilling is also being carried out at 50m spacing on section, with sections either stepping out 50 or 100 metres from historical results. • Samples submitted for analysis by ALS is pulverized in its entirety and split to obtain a 0.2kg sample for digestion and analysis.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Reverse circulation drilling using a face sampling hammer. • Diamond core drilling using NQ sized core.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Samples are individually weighed to quantify recovery and variations in recovery are recorded on the sample ledger (e.g. small samples). • Cyclone, splitters and sample buckets cleaned regularly. • No grade variation with recovery noted.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	• All holes logged on 1m intervals using visual inspection of washed drill chips and both full and split core.

Criteria	JORC Code explanation	Commentary
	Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Qualitative logging of colour, grainsize, weathering, structural fabric, lithology, alteration type and sulphide mineralogy carried out. • Quantitative estimate of sulphide mineralogy and quartz veining. • Logs recorded at the drill site and entered into digital templates at the project office.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• 1m samples from RC drilling collected by passing entire 1 metre sample through a splitter. • Sampling on site aims to generate a < 2kg sub sample to enable the entire sample to be pulverised without further splitting. • NQ core cut at core yard and half core taken as sample. • Sample preparation was undertaken at ALS Laboratory Johannesburg, an ISO accredited laboratory. ALS utilises industry best practise for sample preparation for analysis involving drying of samples, crushing to <5mm if required and then pulverising so that +85% of the sample passes 75 microns. • CRM's, blanks and replicates are inserted every 30 samples and analysed with each batch. • Lab supplied CRM's, blanks and replicates are analysed with each batch.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Samples from drilling were submitted to ALS Chemex in Johannesburg. Samples were analysed for base metals using a four acid digest and ICP-OES and for gold by fire assay with AAS finish. • External quality assurance of the laboratory assays is monitored by the insertion of blanks, duplicates and certified reference materials (**CRM**). • Coarse field duplicates consisting of a split sub-sample of the original crushed sample material. • Three CRMs are alternated through the sample stream and where possible matched to the material being drilled. • Two blank are used (pulp and chips). • No external laboratory checks have been carried out at this stage, apart from the bias test mentioned above.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The Competent Person is personally supervising the drilling and sampling along with experienced geologists. The Managing Director is regularly on site to inspect drilling and sampling activities. • Both the Managing Director and the Technical Director have reviewed the raw laboratory data and independent geologists have confirmed the calculation of the significant intersections.

Criteria	JORC Code explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Collar data has been laid out using a handheld GPS and these coordinates are reported here. • All of the Orion drill hole collars will be surveyed by a qualified surveyor using a differential GPS which may result in minor adjustments to coordinate data. • Downhole surveys are completed using an electronic multi-shot instrument. • All data is collected in UTM WGS84 Zone 34 (Southern Hemisphere) and these coordinates are reported above.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drilling is continuing to be spaced at between 100m and 200m along strike. • Insufficient data to map grade distribution at this time, once further drilling is carried out the appropriate data spacing to accurately estimate grade distribution will be better understood.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drilling carried out perpendicular to mineralisation defined in historical drilling and modelled EM conductors. • No orientation based sampling bias has been identified in the data at this point.
Sample security	• *The measures taken to ensure sample security.*	• Chain of custody was managed by the Competent Person.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been carried out at this stage.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The mineral rights to the property are vested in the State and the Act regulates the exploration and mining industry in South Africa. A prospecting right in accordance with the Act was granted to Masiqhame Trading 855 (**Masiqhame**) to prospect for all minerals for a period of five years effective from 12 March 2014. • The Prospecting Right was granted in respect of the farm Koegrabe 117 comprising Portions 2 – 11; Boksputs 118 Portions 1, 7, 8, 9, 10; Kantien Pan 119

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Criteria	JORC Code explanation	Commentary
		Portions 1 and2; Wan Wyks Pan Portions 1 – 5; and Zonderpan Portions 1, 5, 6, 7, 8 situated in the Magisterial/ Administrative District of Kenhardt, Northern Cape Province. The total area measures 98435.8548 Ha in extent.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Much of the background information in this announcement is sourced from: - Roussouw, D, 2003. A technical risk evaluation of the Kantienpan volcanic-hosted massive sulphide deposit and its financial viability. M.Sc. thesis, University of Pretoria, 118 pp. - Du Toit, M.C, 1998. The metallogeny of the Upington-Kenhardt Area. Explanation: Metallogenic Sheets 2820 and 2920, South African Council for Geoscience, 108p. • Previous exploration in the northern Areachap belt including at the Kantienpan Deposit was carried out by Iscor, with exploration also carried out by Anglo American, Phelps Dodge, Anglovaal. • Exploration activities across the Project area included surface geochemical sampling, geophysical surveying and diamond core drilling.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Kantienpan Deposit is a Volcanogenic Massive Sulphide (**VMS**) deposit, a globally significant and well studied mineralisation style. • The deposit lies in the Areachap Group, a volcano-sedimentary belt hosting other VMS deposits including Areachap, Boksputs, Kielder and Prieska (or Copperton).
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Appendix 1 lists all the data from Orion's drilling at Kantienpan, including location data.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	• Significant intercepts in Appendix 1 were calculated by averaging the length weighted assay results for Cu and Zn. • Intercepts presented are all intersections > 1% Zn.

Criteria	JORC Code explanation	Commentary
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All intersections to be reported are downhole widths. • True widths are unknown at this time as the geometry of the mineralisation has not been determined.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Drill hole location plan shown as Figure 5. • Figure 3 shows new Kantienpan intersection on cross section.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All significant results are reported in Appendix 1.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• The Company's previous ASX releases have detailed historical exploration works on the Areachap Project and surrounds.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• More detail on further work will be available following receipt of assays from drilling and results of follow up drilling as discussed in text.