

14 February 2017



## ASX Waiver Granted

### Highlights:

- **ASX grants Orion a waiver from listing rule 10.1 to enable the Company to grant security to a security trustee on behalf of Silja Investments Ltd and Mr Denis Waddell without shareholder approval under listing rule 10.1.**
- **Orion proposing to conduct a capital raising through the issue of convertible notes to various sophisticated and professional investors to raise up to \$8 million through the issue of up to 307,692,308 convertible notes, each with a face value of 2.6 cents.**

**Orion Gold NL (ASX: ORN)** announced on 7 February 2017 that negotiations are well progressed with potential investors for a proposed capital raising through the issue of convertible notes to various sophisticated and professional investors to raise up to \$8 million through the issue of up to 307,692,308 convertible notes, each with a face value of 2.6 cents (**Convertible Notes**).

Under the terms of the Convertible Notes, the Company and a number of its subsidiaries (both presently held or after acquired) will, other than to the extent they are contractually or legally prevented from doing so, grant to a security trustee (**Trustee**) (to hold on behalf of holders of Convertible Notes) a security over certain of their present and after-acquired property, and in the case of property in South Africa, over shares in those holding companies that hold shares in the entities with tenements in South Africa and not over the tenements themselves (**Security**).

The issue of the Convertible Notes is subject to the satisfaction or waiver of a number of conditions precedent, including shareholder approval. On 10 February 2017, the Company despatched to shareholders and released on ASX a Notice of Meeting (**Notice**) convening a general meeting of the Company to be held on 13 March 2017 at which shareholder approval for the issue of the Convertible Notes will be sought (**Meeting**).

As detailed in the Notice, the Company applied to ASX for a waiver from listing rule 10.1 to enable the Company to grant the Security to the Trustee on behalf of Silja Investment Ltd (**Silja**) (an entity deemed to be controlled by Mr Alexander Haller, a Director of the Company, and hence a related party of the Company) and Mr Denis Waddell (also a Director of the Company) without shareholder approval under listing rule 10.1 (**ASX Waiver**).

The Company is pleased to advise that ASX has granted the ASX Waiver which permits the Company to grant Security in favour of a Trustee, who will hold the Security on behalf of the convertible noteholders including Silja and Mr Waddell (**Convertible Noteholders**) pursuant to the provisions in the convertible note deeds relating to the Security (**Convertible Note Deeds**), without obtaining shareholder approval.

### ASX Code: ORN

### Issued Capital:

Ordinary Shares: 644M

Options: 85M

### Directors:

**Denis Waddell**  
Chairman

**Errol Smart**  
Managing Director, CEO

**Bill Oliver**  
Technical Director

**Alexander Haller**  
Non-Executive Director

### Management:

**Martin Bouwmeester**  
CFO & Company Secretary

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The terms of the ASX waiver are in italics below:

*Based solely on the information provided, ASX Limited ("ASX") grants Orion Gold NL ("the Company") a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over its interest over certain of their present and after-acquired property in Western Australia and Queensland and in the case of property in South Africa, over shares in those companies that hold property in South Africa, and not over the assets of those subsidiary companies ("Security") in favour of a security trustee ("Trustee") who will hold the Security on behalf of the convertible noteholders including Silja Investment Ltd ("Silja") and Mr Denis Waddell ("Waddell") ("Convertible Noteholders") pursuant to the provisions in the convertible note deeds relating to the Security ("Convertible Note Deeds"), without obtaining shareholder approval, on the following conditions.*

- 1.1. *The Convertible Note Deeds include a term that if an event of default occurs and the Convertible Noteholders exercise their rights under the Security, none of Silja nor Waddell nor any of their associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company's obligations under the Convertible Note Deeds, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by the Convertible Noteholders exercising their power of sale under the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to the Convertible Noteholders in accordance with their legal entitlements.*
- 1.2. *A summary of the material terms of the Convertible Note Deeds are made in each annual report of the Company during the term of the Security.*
- 1.3. *Any variation to the terms of the Convertible Notes or the Convertible Note Deeds which are:*
  - 1.3.1. *not minor changes; or*
  - 1.3.2. *inconsistent with the terms of the waiver,**must be subject to shareholder approval.*
- 1.4. *The Company must seek to discharge the Security when the Convertible Notes are either repaid or converted in full, or if it is not discharged, seek securityholder approval for the continuation of the Security for any further period.*
- 1.5. *The Company immediately releases to the market an announcement which sets out the terms of the waiver.*

It should be noted that Listing Rule 10.1 does not apply to the grant of the Security to the Trustee on behalf of investors other than Silja and Mr Waddell, and is thus not subject to the conditions of the ASX Waiver noted above.

Further details in relation to the terms of the Convertible Notes is contained in the Notice. As noted earlier, at the Meeting, the Company is seeking approval for the issue of the Convertible Notes, and will also seek approval for the issue of securities for the consideration payable by the Company to the Agama vendors upon completion of the acquisition of Agama Exploration & Mining (Pty) Ltd (**Agama**).

### **Background**

On 3 January 2017, Orion announced that it had exercised the option to acquire Agama, which through its subsidiary companies, ultimately holds an effective 73.33% interest in the company holding Prospecting Rights over the historic 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 purpose of the issue of the Convertible Notes is to raise funds to complete the purchase of 100% of the issued capital of Agama and to provide working capital to the Company.



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**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<sup>2</sup> on the highly prospective Areachap belt, North Cape Province of South Africa (Figure 1). These include:

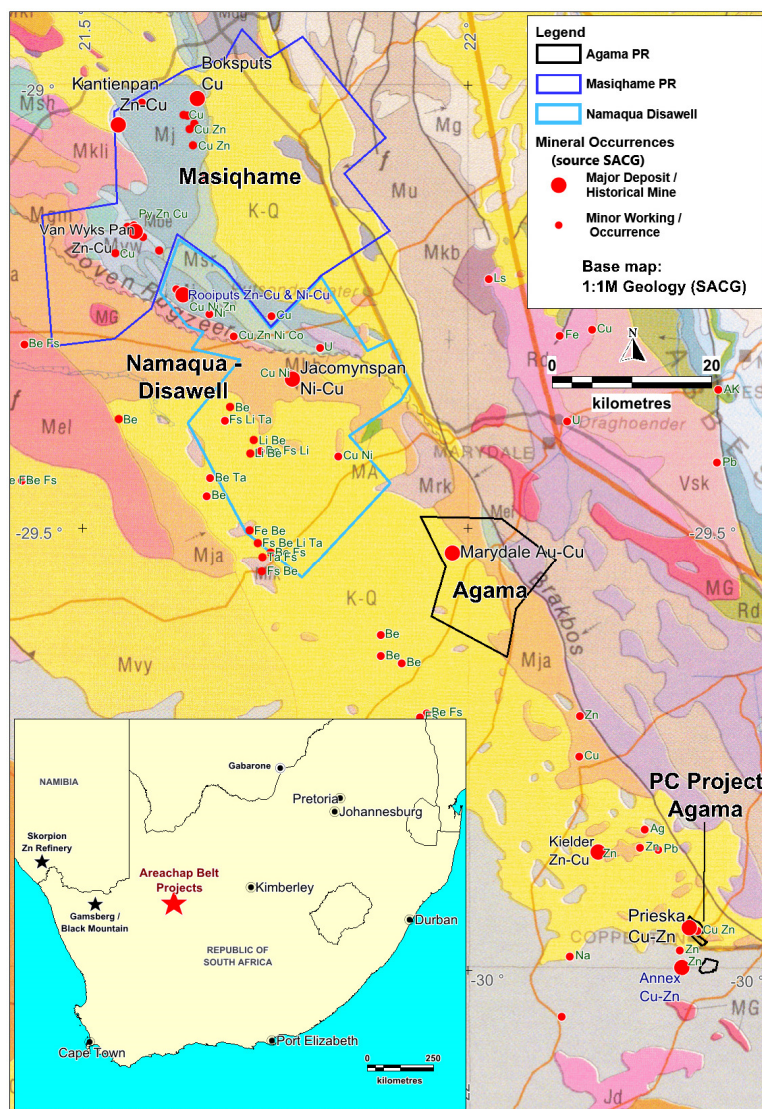
- An option that has been exercised to acquire, an advanced volcanic massive sulphide zinc-copper project with near-term production potential. The option gives Orion the right to acquire an effective 73.33% interest in a portfolio of projects including an exploration project at the Prieska Zinc-Copper 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 releases 3 January 2017 and 18 November 2015).
- An earn in right to ultimately earn a 73% interest in a 980km<sup>2</sup> 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 626km<sup>2</sup>. 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 1:** 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 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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- do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this release, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).