

31 October 2016

**ASX Code:** ORN

**Issued Capital:**

Ordinary Shares: 484M

Options: 85M

**Directors:**

**Denis Waddell**  
Chairman

**Errol Smart**  
Managing Director, CEO

**Bill Oliver**  
Technical Director

**Alexander Haller**  
Non-Executive Director

**Management:**

**Martin Bouwmeester**  
Company Secretary &  
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## Five Rigs On-site at Key Projects in South Africa as Interim Funding Secured

*Rig mobilised to commence drill testing of strong IP anomalies at Marydale Gold-Copper Project as drilling continues at other projects*

**Highlights:**

- Drilling set to commence this week to test high priority IP anomalies delineated at the Marydale Gold-Copper Project.
- This increases the number of rigs on site at Orion's Areachap Belt projects in South Africa to five, with drilling to commence shortly at Marydale, drilling underway at the Kantienpan Zinc-Copper Deposit and drilling continuing at the Prieska Zinc-Copper Project.
- Loan agreement totalling \$0.5M executed with Orion's Chairman and major shareholder, Mr Denis Waddell, to underpin ongoing drilling programs.

Orion Gold NL (ASX: ORN) is pleased to advise that drilling will commence this week at the **Marydale Gold-Copper Project**, part of its extensive portfolio of projects within the Areachap Belt in the Northern Cape Province of South Africa (Figure 5), increasing the number of operating drilling rigs across the Company's key zinc-copper and gold projects to five.

Drilling is already underway at the **Kantienpan Zinc-Copper Deposit** to test the KN1 conductor identified by recent high-powered fixed loop ground electromagnetic (HP\_FLEM) surveys (refer ASX release 4 October 2016). A second rig will commence drilling at Kantienpan this week. Drilling is also continuing with two diamond drill rigs at the historical **Prieska Copper Mine (PC) Zinc-Copper Project** (Figure 1), with massive sulphides continuing to be intersected in drilling as expected (Figure 2).



**Figure 1:** Shallow angle diamond drilling at the PC Project.



**Figure 2:** Massive sulphides in OCOD035 (157.8m downhole, approximately 80m below surface) at the PC Project.

### Marydale Gold-Copper Project

In preparation for drilling, the Company has completed and refined inversion modelling of data from the high-powered induced polarisation (**IP**) announced to the ASX on 24 October 2016 for the south-east quadrant area, while surveying continues on the north-west quadrant. The resultant sections for the south-east quadrant are shown as Figure 3, along with the location of historical shallow drilling in the area and planned drilling (which are shown in plan view on Figure 4). Anomalous results from the historical drilling include:

- 8m at 1300ppm Cu, 717ppm zinc and 77ppb Au (EYP2);
- 4m at 2400ppm Cu, 600ppm zinc and 100ppb Au (EYP8); and
- 1m at 140ppm Cu, 1400ppm zinc and 30 ppb Au (EYP9).

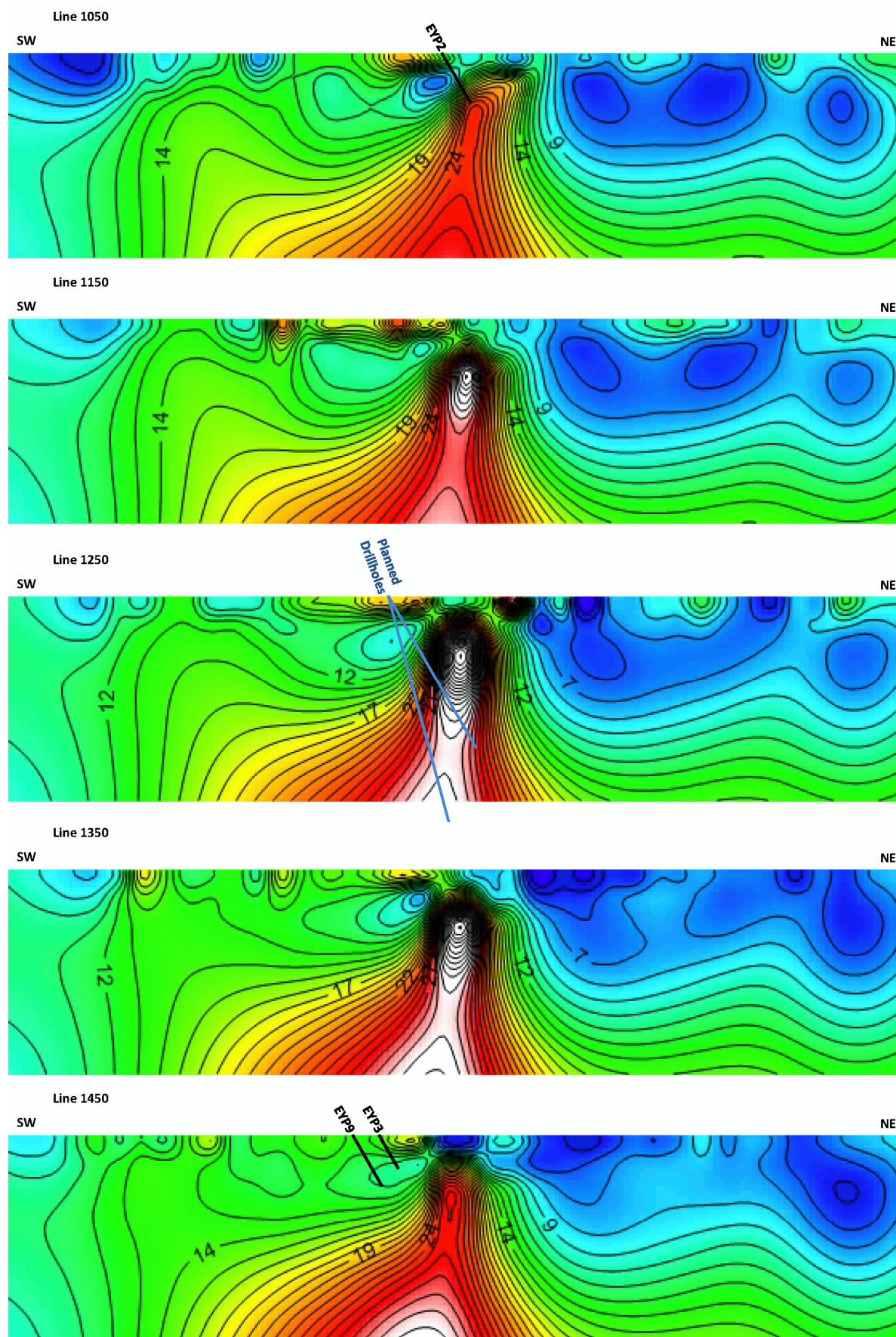
(refer ASX releases 18 November 2015 and 25 July 2016)

It should be noted that hole EYP2, drilled by Anglo American Prospecting Services (**AAPS**) in 1978, tested a target above Orion's newly detected IP target. Hole EYP3, located along strike to the south-east, was abandoned. Although the AAPS intersections were not considered significant intersections as they are not above 1g/t Au or 0.3% Cu, the anomalism present is geologically important and is being used to guide future exploration.

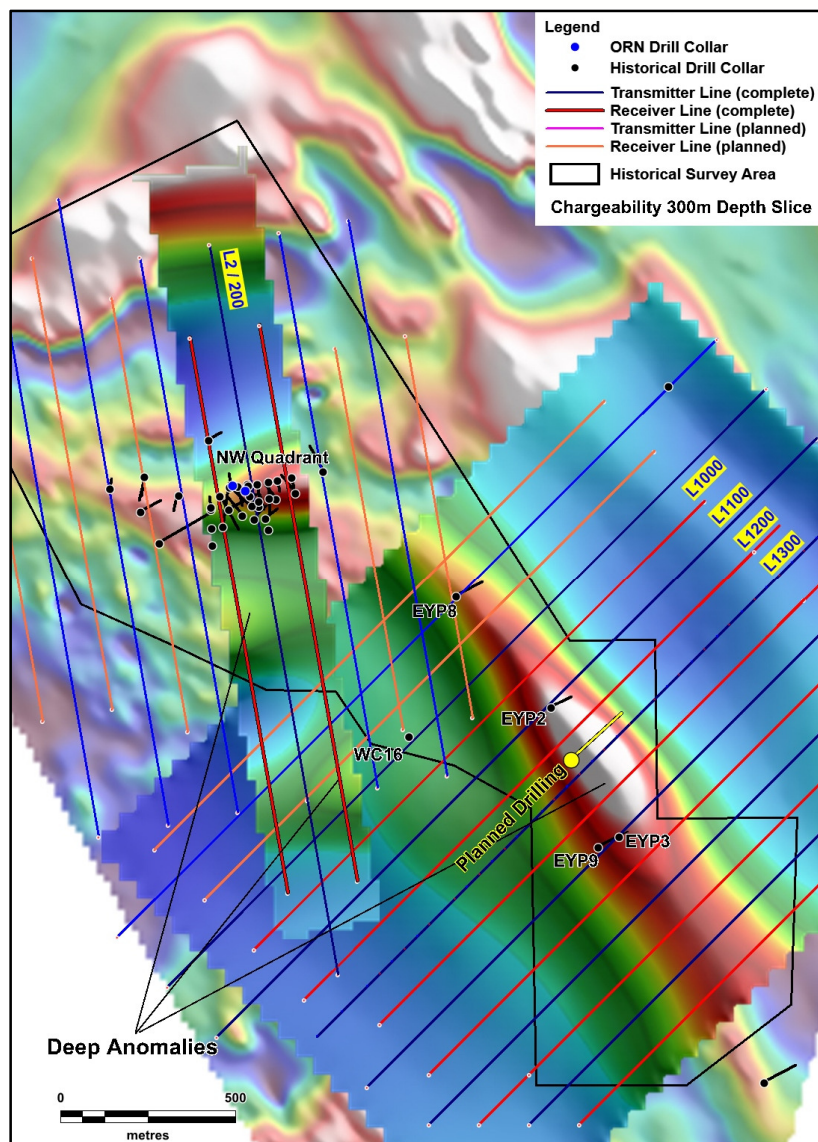
Encouragingly, the AAPS drill results are consistent with early results drilled in the halo around the mineralisation in the NW Quadrant, where Orion recently confirmed high grade results with two drill holes, OWCD032 (**64m at 1.55g/t Au and 0.26% Cu** including several higher grade zones), and OWCD033 (**25m at 1.81g/t Au and 0.31% Cu** including several higher grade zones) (refer ASX release 5 October 2016).

It can be clearly seen from the sectional views that this shallow drilling did not test the deeper IP anomalies recently detected, which were not detected in the historical IP survey that was used to target previous drilling. The anomalism present in the AAPS drilling immediately above and proximal to these IP features, provides further encouragement that the IP features may be as a result of sulphide hosted copper-gold mineralisation.





**Figure 3:** 3D chargeability inversion model sections from recently acquired IP data showing historic and planned drilling. Refer Figure 4 for location of section lines, noting that inversions are modelled midway between lines (i.e. Line 1250 is modelled using data from Line 1200 and 1300).



**Figure 4:** Planned and historical drilling shown over depth slice of IP response (chargeability) 300m below surface and TMI image of recently acquired high resolution ground magnetic data.

The Marydale Gold-Copper Project is being acquired as part of Orion's option to acquire Agama Exploration & Mining (Pty) Ltd (**Agama**). In July 2015, the Company announced the signing of a binding term sheet giving Orion the right to acquire the unlisted company, Agama, a South African registered company which through its subsidiary companies, ultimately holds an effective 73.33% interest in the Prieska Zinc-Copper Project and the Marydale Gold-Copper Project.

### Loan Facility

Orion is pleased to advise that a \$0.50 million loan facility has been agreed with Tarney Holdings Pty Ltd (**Tarney**), a major shareholder of Orion and a company associated with Orion's Chairman, Mr Denis Waddell (**Facility**).

The proceeds from the Facility will be used to progress exploration work as part of due diligence being undertaken on the Areachap project and to progress exploration work at the Company's Connors Arc and Fraser Range Projects, as well as for working capital purposes.



Under the terms of the Facility, Tarney may elect to convert cash drawn down under the Facility into Orion shares, subject to shareholder approval being sought at the Company's Annual General Meeting to be held on 30 November 2016 (**Meeting Date**).

Any advances drawn down under the Facility will be convertible to new ordinary fully paid shares in the Company (**Shares**) at Tarney's discretion and at an issue price per Share which will be either:

- If Shares are issued during the period between 21 October 2016 and the Meeting Date, the highest price at which the Company issues Shares during this period, but at a price which is not less than \$0.02 per Share; or
- If no Shares are issued during the period between 21 October 2016 and the Meeting Date, the greater of:
  - the highest price at which the Company issues Shares following the Meeting Date and the day prior to the date of issue of Shares to Tarney, but at a price which is not less than \$0.02 per Share; or
  - if no Shares are issued during the period between the Meeting Date and the date of the issue of Shares to Tarney, 80% of the VWAP, which is at a discount not greater than 20% to the market price of the Company's Shares over the last 5 days on which sales are recorded before the day on which the Shares are issued.

The term of the Facility is 30 December 2016 (unless otherwise agreed by the parties) (**Termination Date**). Should Orion not obtain Approval or should Tarney not elect to convert cash drawn down under the Facility into Orion shares, Orion will be required to repay the Facility in cash on the Termination Date.

Tarney has the discretion as to whether to make an advance to the Company upon receipt of each draw-down notice. No interest or facility fees are payable by the Company to Tarney and no capital raising fee would be payable by the Company to Tarney where it subscribes for its share allocation in a capital raising. The Facility is unsecured.



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<sup>2</sup> on the highly prospective Areachap belt, North Cape Province of South Africa (Figure 5). These include:

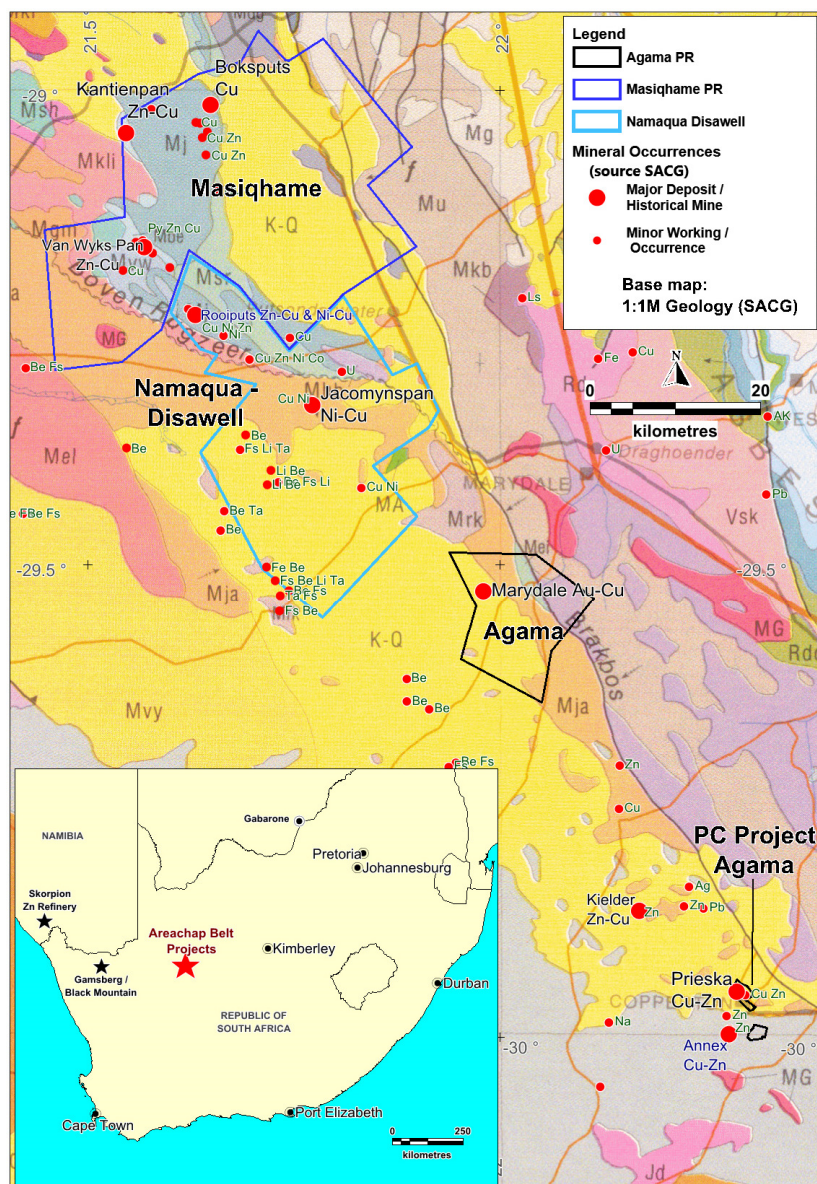
- An option to acquire an advanced volcanic massive sulphide copper-zinc project with near-term production potential. The option gives Orion the right to acquire an effective 73.33% interest in a portfolio of projects including an exploration project at the Prieska Copper Project, located near Copperton 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<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 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<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 5:** 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 Exploration Results at the Kantiemp Deposit and Marydale 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.

## 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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