

9 May 2017

**ASX Code:** ORN**Issued Capital:**

Ordinary Shares: 792M

Options: 180M

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Major New Drilling Program Commences at Prieska Zinc-Copper Project

Drilling will in-fill and validate historic data for the Deep Sulphide Target and underpin a maiden JORC Resource estimate

Highlights:

- Orion embarks on a major drill program at the Prieska Zinc-Copper Project in South Africa.
- The extensive drilling program will systematically test the Deep Sulphide Target and is designed to confirm significant historical intercepts such as 30.3m at 5.18% Zn + 1.56% Cu.
- Drilling will test the interpreted mineralised zone on a 45 x 45 m grid with results planned to underpin a maiden JORC Mineral Resource estimate.
- Opening up and inspection of primary mine access yields encouraging observations.

Orion Gold NL (ASX: ORN) (Orion or the Company) is pleased to advise that it has commenced a major new phase of drilling at the **Prieska Zinc-Copper Project** in South Africa.

The extensive drilling program is designed to evaluate the main Deep Sulphide Target below the historical mine which is expected to form the cornerstone of the Company's development strategy.

The deep sulphide mineralisation is the down-dip extension to mineralisation mined in the historical Prieska Copper Mine (**PC**) which has been previously tested by extensive historical drilling as detailed in the ASX release of 18 November 2015.

The first two holes of the program are designed to test mineralisation in the north-west target area shown in Figure 1, where historical drilling produced results such as:

- F2030: 30.3m at 5.18% Zn + 1.56% Cu;
- D394: 27.4m at 3.42% Zn + 1.62% Cu;
- F2000: 18.55m at 4.56% Zn + 1.35% Cu; and
- D393: 10m at 3.28% Zn + 1.23% Cu.

(refer ASX release 18 November 2015 for complete results of historical drilling).

As reported in previous ASX releases, the previous operator of the historical Prieska Copper Mine did not routinely assay for precious metals and therefore no assays for gold or silver are available.

Drilling is aimed at statistically validating the historical drilling results so that reliance may be placed on that data for resource estimation.

The initial drilling will also provide technical information that will allow Orion to plan and complete a drill program aimed at testing the mineralised zone previously tested with drilling on a new, superimposed 45m x 45m grid spacing, which correlates to 89 historical intersections (Figure 2). Of these, a number will be “twin” holes validating historical drilling results.

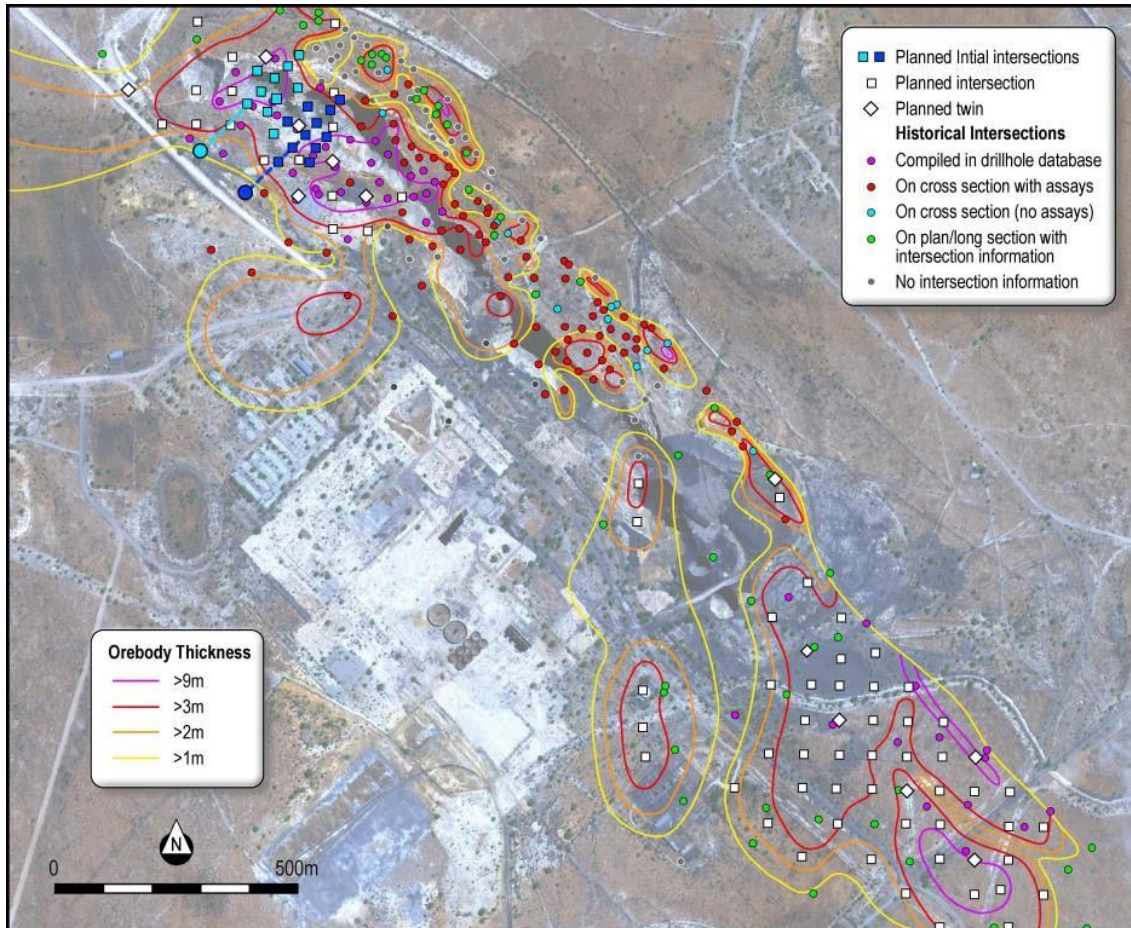


Figure 1: Plan view of Deep Sulphide Mineralisation, showing historical drilling and planned follow-up drilling.

Historical information shows that Anglovaal, the previous owner of the PC Project, used drilling at various spacings for mine planning purposes. While this drilling was completed well before the time of modern Resource / Reserve classifications, it nonetheless serves as a valuable guide due to the success of the historical mining operation over a 15-year production period⁽¹⁾.

Historical reporting from 1987 (approximately one year prior to the cessation of mining) states the remaining “drilled mining reserve” as 23,765,486 tons at 1.57% Cu + 4.26% Zn. This is an historical estimate and is not reported in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**). A Competent Person has not completed sufficient work to classify the historical estimate as Mineral Resources or Ore Reserves as defined in the JORC Code. It is uncertain whether Mineral Resources or Ore Reserves will be able to be reported until the current drilling program is completed. Further information on this estimate can be found at the end of this release, as required by ASX Listing Rule 5.12.

(1) Mine records.

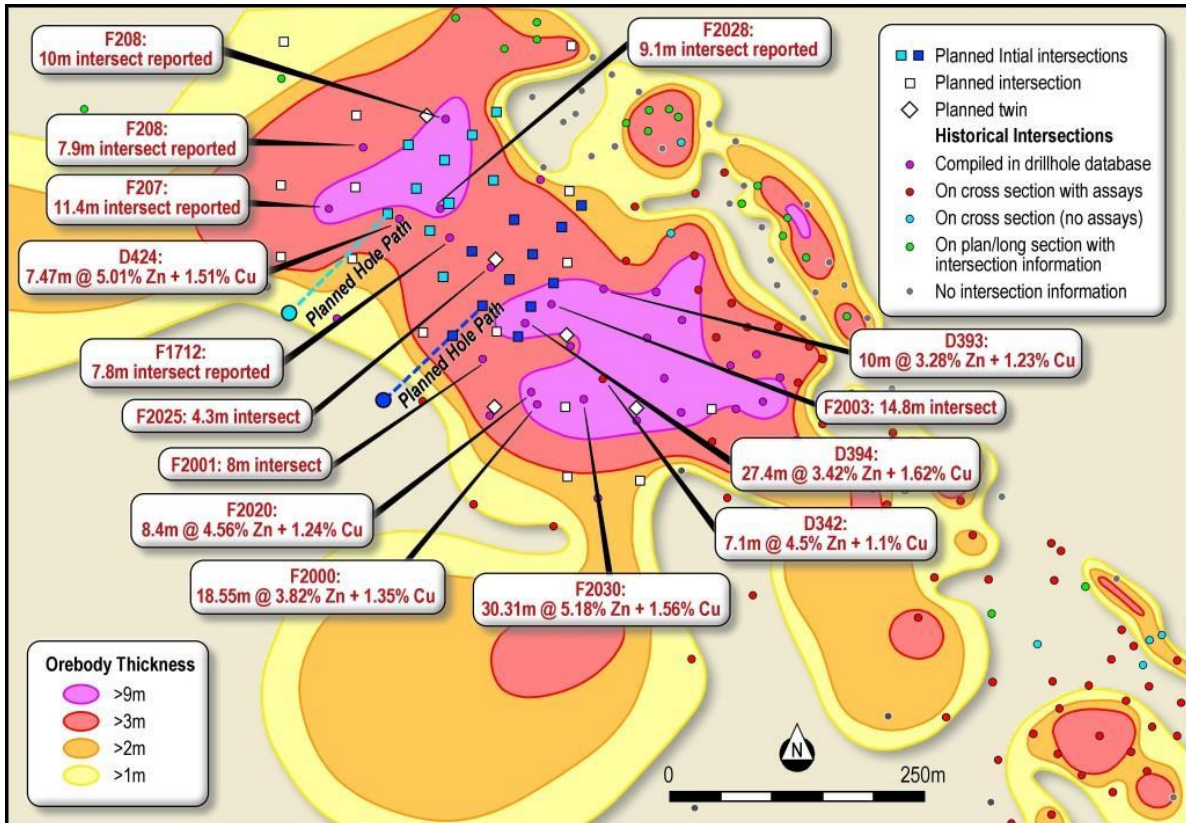


Figure 2: North – Western massive sulphide ore target with selected historic drilling results and current planned intersections.

It would appear that initial drilling was undertaken at a spacing of roughly 500m to locate mineralisation. Follow-up, in-fill drilling was then completed in stages so that the drill spacing was reduced in increments, with:

- a spacing of 120 -150m being sufficient to lay out primary mine development;
- a spacing of 45m, which was considered sufficient for secondary development planning; and
- finally, a 15m drill spacing was used for ring drill design and grade control.

Based on this historical drill spacing, the planned drilling program has conservatively been laid out to achieve the objective of intersection spacing (combined historical and current) of <45m over 75% of the target. The remaining 25% will be at 45-100m spacing.

The drilling program will take advantage of advances in drilling technology and expertise, with directional drilling to be used to achieve multiple deflections from a single mother hole, thereby reducing the total amount of drilling required (Figure 3). At this point, up to 10 "parent" holes are planned to generate up to 14 "daughters" per hole, in order to achieve the desired number of intersections.

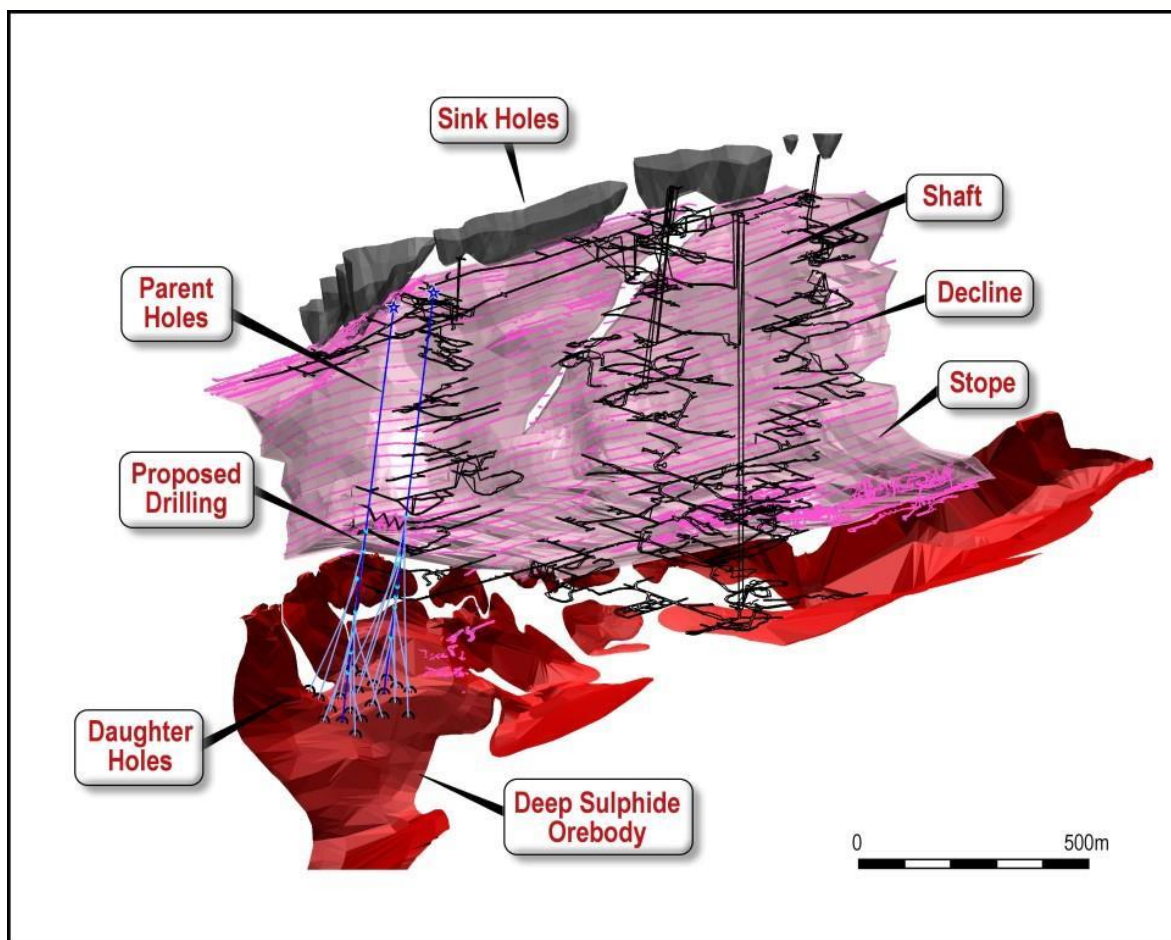


Figure 3: Oblique view showing planned north-western drilling with modelled mineralisation, underground infrastructure and historical stoping.

The start of this important new phase of drilling follows the completion of the Agama acquisition and initial funding (refer ASX releases 30 March 2017 and 12 April 2017), and marks another important step in Orion's base metal development strategy in South Africa.

The second phase of drilling will continue following completion of the proposed capital raising (refer ASX release 12 April 2017 and below).

Mine Engineering and Geotechnical Appraisal

Work is also advancing at the PC Project in line with the Company's plan to re-open the primary underground access via both the decline roadway and the main Hutchings vertical shaft.

The decline portal, which was previously completely covered over at the time of mine closure, is now fully exposed following excavation, which has provided access to the decline (refer figure 4). Rock engineers are now on site inspecting the portal and decline before the next stage of clearing for vehicle access.



Figure 4: Fully exposed portal of decline roadway, which extends to 1200m below surface.

Decline roadways have now been inspected down to 120m below surface and found to be in very good condition, requiring only minor clearing and support work before being used for vehicle access.

Grid electrical power connections are currently being established to allow underground drilling to infill the surface drilling completed over the past 10 months on the +105 Level Target.

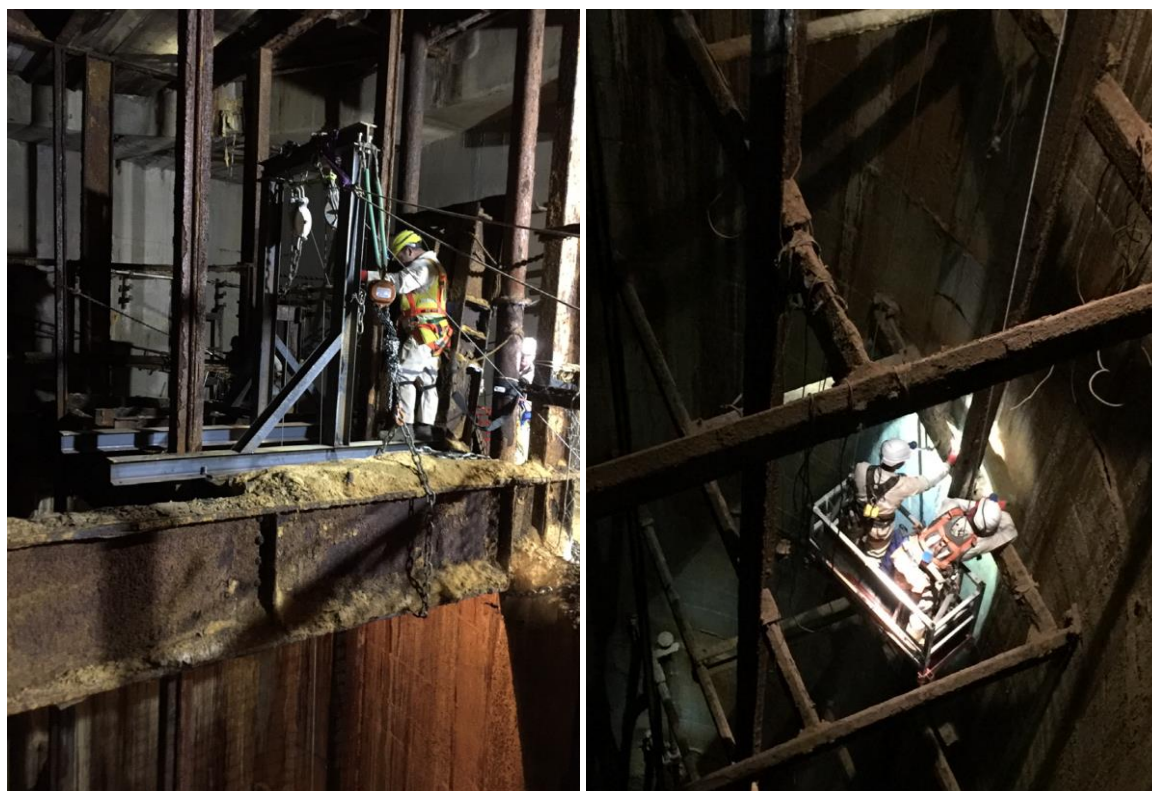


Figure 5: Rigging and inspection of the Hutchings shaft down to 300m below surface.

The Hutchings shaft has been inspected down to 300m below surface, confirming that the main carrier steelwork is in satisfactory condition and should not require replacement ahead of possible future recommissioning (Figure 5).

The concrete and steelwork of the 64m high headframe is also confirmed to be in good order and will not require replacement.

The water level in the shaft is currently at 348m below surface and has been sampled both for environmental baseline studies and to confirm suitability for use in metallurgical processing.


Tembo

On 12 April 2017, the Company announced that it had taken another important step in its base metal development strategy in South Africa after entering into an agreement with Tembo Capital that will see the leading mining-focussed private equity group acquire a cornerstone stake in Orion and cement the proposed strategic relationship between the two groups. Orion has entered into an agreement with Tembo Capital Mining Fund II LP for Tembo, through Ndovu Capital X BV (being the entity nominated by Tembo to receive shares under the Placement) (**Tembo Capital**), to acquire up to a 19.9% holding in Orion's issued ordinary shares (**Shares**) through the placement of Shares to raise up to approximately \$4.7 million at an issue price of 2.4 cents per Share (**Placement**). The agreement also sets out the terms of Orion's agreed strategic relationship with Tembo (**Placement Agreement**).

Under the Placement Agreement, Tembo has the right to nominate the number of Shares it will subscribe for under the Placement, provided it does not exceed the maximum of 197,491,668 (which would give it a 19.9% stake in Orion).

Tembo must inform the Company as to whether it wishes to proceed with the Placement by no later than 31 May 2017 (**Due Diligence Date**). Tembo is in the process of undertaking an extensive due diligence process which has included a visit to the PC Project during last week. As a result of a delay in the site visit by Tembo due to the volume of information being reviewed, the Company and Tembo have agreed to extend the Due Diligence Date, from that which was previously announced (10 May 2017).

Irrespective of the take-up by Tembo under the Placement Agreement, Orion may also seek to place Shares to sophisticated and professional investors at the same price of 2.4 cents Share, such that the total amount raised (including any amount subscribed to by Tembo under the Placement Agreement) will be up to \$4.8 million through the issue of up to 200,000,000 Shares.



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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 6). 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.

Competent Persons Statement

The information in this report that relates to Orion's Exploration Results at the PC 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.

Disclosures relating to the historical estimate as required under ASX Listing Rule 5.12

- 5.12.1. The information in this report that relates to the historical estimate was sourced from a report titled "Planning Proposal from Mine Manager to Anglovaal Head Office, June 1987" which was located in mine archives.
- 5.12.2. The historical estimate differs from accepted JORC terminology as it does not differentiate resources/reserves based on confidence levels.
- 5.12.3. The historical estimate is material as it provides context for the current exploration drilling and planned future work programs at the PC Project by Orion.
- 5.12.4. The information is considered to have a high level of reliability by the Competent Person as it was estimated based on industry best practise at the time.
- 5.12.5.
 - The estimate is based on drilling and sampling carried out by Anglovaal, who operated the mine.
 - Key assumptions used by Anglovaal, including mining and processing parameters, would have been based on actual statistics from production over the 15 year history of the mine.
- 5.12.6. An Exploration Target for the area of 7.0-11.0 million tonnes grading 1.2-1.8% Cu and 3.9-5.9% Zn was estimated by Orion (refer ASX release 18 November 2015).
- 5.12.7. The exploration required to verify the historical estimate is the drilling program as outlined in this release.
- 5.12.8. The drilling program is currently underway.
- 5.12.9. The estimate outlined in this release is an historical estimate and is not reported in accordance with the JORC Code. A Competent Person has not completed sufficient work to classify the historical estimate as Mineral Resources or Ore Reserves as defined in the JORC Code. It is uncertain whether Mineral Resources or Ore Reserves will be able to be reported until the current drilling program is completed.
- 5.12.10. The information in this report which relates to the historical estimate has been compiled and assessed under the supervision of Mr Errol Smart, Orion Gold NL's Managing Director. Mr Smart has concluded that the information provided in this document complies with ASX Listing Rule 5.12 and is an accurate representation of the data and studies available and relating to this resource. However Mr Smart, as the Competent Person, has not yet completed sufficient review on the qualifying foreign resource estimate to classify it in accordance with the JORC Code at this time and consequently it is uncertain that, following evaluation and/or further exploration work that the historical estimate will be able to be reported in accordance with 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.

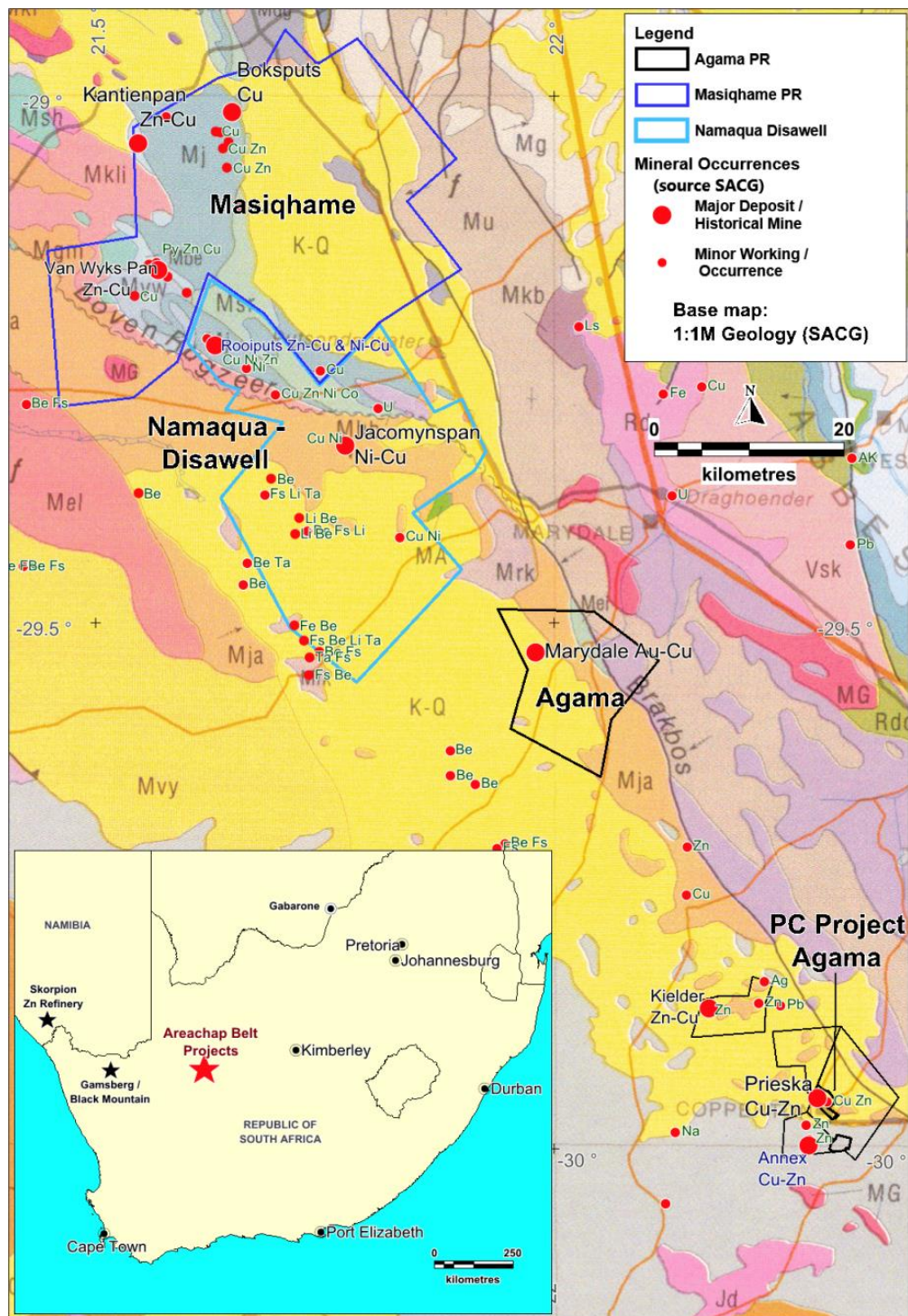


Figure 6: Regional geology map of the Areachap Belt showing prospecting rights owned by Orion and currently under option to Orion and noted mineral occurrences as per published data from South African Council for Geoscience.

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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