

17 March 2017

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

Ordinary Shares: 698M

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 SecretarySuite 2
64 Thomas Street
West Perth WA 6005
ABN 76 098 939 274T: +61 8 9485 2685
E: info@oriongold.com.au

Orion Secures World-Class VMS Zinc-Copper Project in South Africa

With funding and shareholder approvals now in place, the transaction is now unconditional, allowing Orion to complete a landmark acquisition of a world-class VMS zinc-copper project

Highlights:

- Orion now fully funded to complete the acquisition of 100% interest in Agama Exploration & Mining, following completion of Convertible Note issue.
- All conditions precedent have now been met and regulatory and shareholder approvals are in place.
- Agama holds an effective 73.33% in the Prospecting Rights over the historical Prieska 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 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 is confirmed by extensive drilling and geophysics.
- Maiden Mineral Resource due for completion in the June 2017 Quarter.

Orion Gold NL (ASX: ORN) is pleased to advise that it has taken a major step towards its objective of becoming a significant new player in the global base metals sector after securing ownership of one of the world's largest historic VMS zinc-copper deposits⁽¹⁾.

All conditions precedent have been met and funding is now in place to enable Orion to progress to settlement of its acquisition of Agama Exploration & Mining (Pty) Ltd (**Agama**).

Agama, through its subsidiary companies, ultimately 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 60 kilometres from PC (Figure 1).

Settlement of the acquisition is scheduled to occur prior to the end of March 2017.

On 7 February 2017, the Company announced a proposed capital raising through the issue of convertible notes to various sophisticated and professional investors (**Convertible Notes**). The Company obtained shareholder approval for this Convertible Note issue at a meeting of shareholders held on 13 March 2017, and the offer closed yesterday (16 March 2017) with a total of \$6,050,000 raised.

(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, as announced on 10 March 2017, Orion has secured the involvement of leading mid-tier miner Independence Group NL (ASX: IGO) in the ongoing exploration and evaluation of its highly prospective tenement package in the Fraser Range region of Western Australia.

Under this landmark Joint Venture Agreement, IGO has made a \$700,000 cash payment to Orion and has subscribed for a \$1,300,000 share placement at 2.4 cents per fully paid ordinary share (**Share**).

With all regulatory and shareholder approvals relating to the Agama acquisition now having been met, the funding secured through the Convertible Note issue and the \$2,000,000 received from IGO, the Agama transaction has now been confirmed as unconditional, allowing Orion to complete its acquisition of the Prieska zinc-copper and Marydale gold-copper projects in South Africa.

Agama is well financed at project level to advance its main 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.

Agama Purchase Consideration

Purchase consideration payable upon completion of the acquisition is ZAR53 million (~A\$5.3 million), of which:

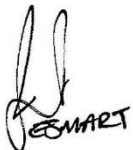
- Cash – ZAR31.5 million (~A\$3.15 million) is payable in cash;
- Consideration Shares - ZAR21.5 million (~A\$2.15 million) is payable by issue of Orion Shares, to be issued at a 10% discount to the 10 trading day volume weighted average price of the Shares prior to the issue of the Shares (**Share Issue Price**); and
- Each Share issued will have an attached unlisted Orion option, exercisable at a 100% premium to the Share Issue Price and expiring on the date which is 24 months following the date of issue of the unlisted option.

Shares issued to the vendors will be subject to a 6-month voluntary escrow period from their date of issue and 75% of the Shares issued to the vendors will be subject to a 12-month voluntary escrow period from their date of issue.

In addition to the purchase consideration, under the terms of the agreement, Orion will provide finance for Agama so that it can settle all historical shareholder loans to an aggregate amount of approximately ZAR33.3 million (~A\$3.3 million).

Forward Plan

In recent months, the Company has announced very 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 the drilling is now underway with the objective of producing Mineral Resources compliant with the JORC Code in the June 2017 Quarter and feeding these resource estimates into a Pre-Feasibility Study.



Errol Smart
Managing Director and CEO

Company Enquiries:

Errol Smart - Managing Director and CEO

Denis Waddell - Chairman

T: +61 8 9485 2685

E: info@oriongold.com.au

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.

Recently, the Company has entered into options and earn-in rights agreements over a combined area of 1790km² 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 option (which 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 17 March 2017, 3 January 2017 and 18 November 2015). This announcement confirms that Orion will now proceed to settlement of the acquisition.
- 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.

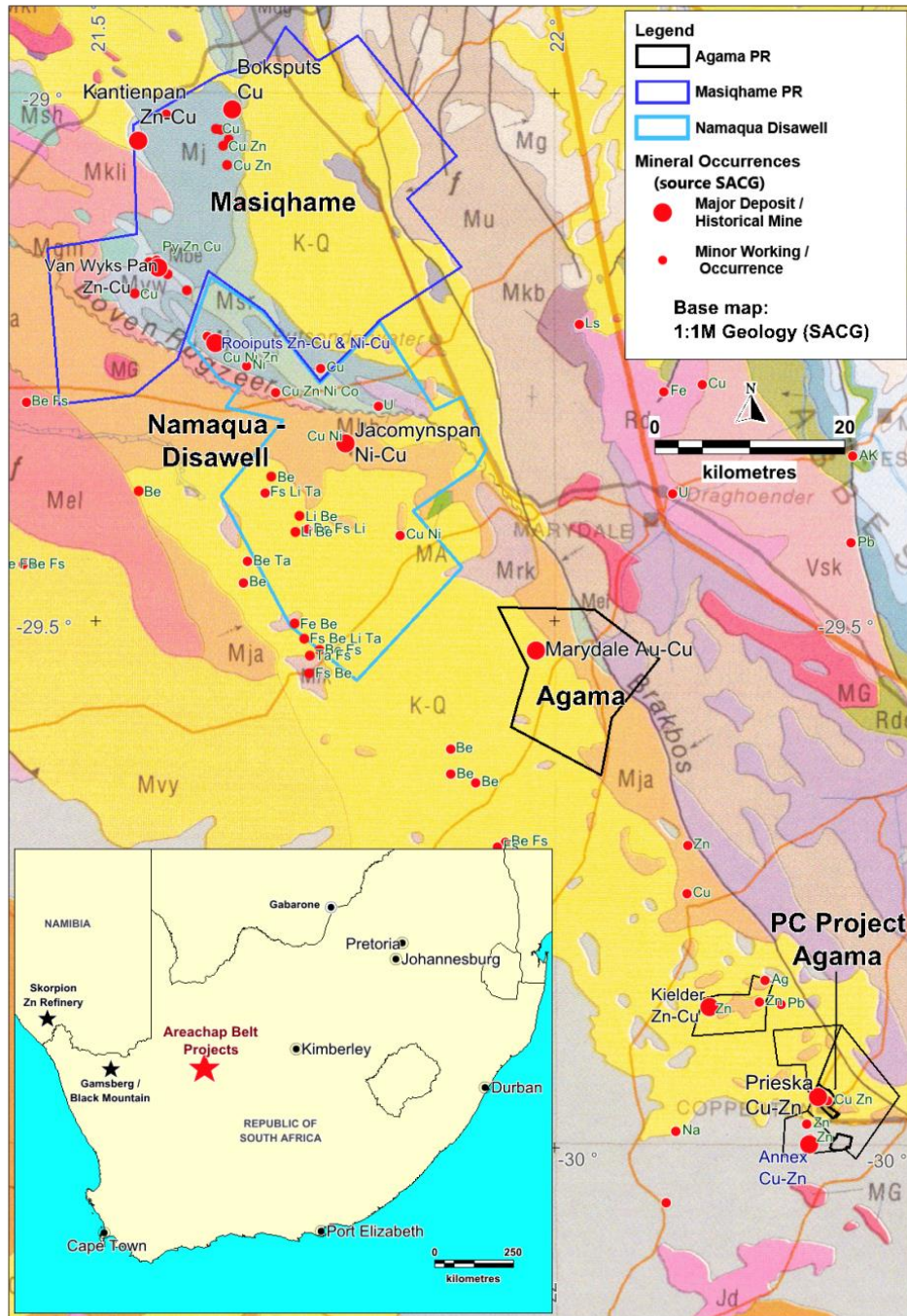


Figure 1: Regional geology map of the Areachap Belt showing prospecting rights currently under option to Orion and noted mineral occurrences as per published data from South African Council for Geoscience.

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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- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).