

10 March 2017

Orion Gold<sub>NL</sub>**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**  
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## Orion Secures Landmark Joint Venture Agreement with Independence Group on Fraser Range Nickel-Copper Project, WA

*Deal provides Orion with free-carried exposure to ongoing exploration of a world-class nickel-copper province*

**Highlights:**

- Joint Venture Agreement signed with leading mid-tier miner Independence Group NL (ASX: IGO) on Orion's highly prospective Fraser Range Nickel-Copper Project in Western Australia.
- IGO to acquire initial 70% equity in Orion's 100%-owned tenements, 60% in Creasy JV tenements and 65% in the GR JV tenement.
- Consideration comprises a \$700,000 cash payment and \$1,300,000 placement by IGO in Orion at 2.4c per share.
- IGO has the right to top-up its equity in the joint ventures through the payment of cash or shares.
- Orion to be free-carried through to completion of a Pre-Feasibility Study on any of the tenements comprising the Fraser Range Project.
- Joint Venture will result in the expertise of the dominant regional player and only operator in the Fraser Range province being applied to the ongoing exploration of Orion's extensive tenement holding.
- Transaction consistent with Orion's focus on the development of its advanced Areachap Zinc-Copper and Gold Projects in South Africa.

**Orion Gold NL (ASX: ORN)** is pleased to advise that it has secured the involvement of Independence Group NL (ASX: IGO) in the ongoing exploration and evaluation of its highly prospective tenement package in the Fraser Range region of WA (Figure 1, Appendix 1) (**Fraser Range Project**), after entering into a landmark Joint Venture Agreement (**Agreement**) with the leading mid-tier miner.

Under the terms of the Agreement, IGO will acquire 70% equity in Orion's 100%-owned tenements and 60 - 65% equity in various joint venture tenements in exchange for a \$700,000 cash payment and subscribing for a \$1,300,000 placement in Orion at 2.4c per share.

Importantly, Orion will maintain an exposure to the ongoing exploration and development of the Fraser Range Project without additional financial commitment, given that it will be free-carried through to the first Pre-Feasibility Study (**PFS**) on any of the tenements.

IGO also has the right to top-up its equity in the joint ventures for an agreed amount payable in cash or shares.

The Agreement is consistent with Orion's decision to place greater focus of its resources and activities on its more advanced Areachap zinc-copper and gold projects in South Africa (including the historical Prieska Zinc-Copper Mine and the Jacomynspan Nickel-Copper Project (refer to the About Orion section for further details on the Areachap Projects)). Orion also holds its 100%-owned Connors Arc epithermal gold-silver project in Queensland.

### **Fraser Range Joint Venture Agreement – Summary of Key Terms**

Under the terms of the Agreement, IGO:

- will acquire 70% equity in Orion's 100%-owned tenements, 60% equity in the Creasy JV Tenements and 65% equity in the Geological Resources (**GR**) JV Tenement for the following consideration:
  - \$700,000 payable in cash; and
  - IGO to take a \$1,300,000 placement in Orion at an issue price of \$0.024 per share. The issue of these shares will fall within the 15% capacity for issues of equity securities without shareholder approval afforded by ASX Listing Rule 7.1.
- will free-carry Orion to completion of the first PFS on any of the tenements.

In addition, IGO will hold the following options:

- (1) the option to acquire an additional 5% equity in the Fraser Range Project for a payment to Orion of \$10,000,000 cash or the equivalent value of IGO shares at IGO's election, resulting in IGO holding 75% equity in the Orion Tenements (Orion 25%), 65% equity in the Creasy JV Tenements (Orion 5%) and 70% equity in the GR JV Tenement (Orion either 10% (and GR 20%) or 30% (and GR no longer holding an interest)); or
- (2) alternatively, if option 1 is not exercised, IGO will hold the option to earn an additional 5% interest in the GR JV Tenement only by the payment to Orion of \$5,000,000 cash or the equivalent value of IGO shares at IGO's election, resulting in IGO holding 70% equity in the GR JV Tenement (Orion either 10% (and GR 20%) or 30% (and GR no longer holding an interest)) and IGO retaining 70% equity in the Orion Tenements (Orion 30%) and 60% equity in the Creasy JV Tenements (Orion 10% (and Creasy group 30%)); and
- (3) a further option to earn an additional 5% interest in the Orion Tenements and the Creasy JV Tenements by the payment to Orion of \$7,500,000 cash or the equivalent value of IGO shares at IGO's election, resulting in IGO holding 75% equity in the Orion Tenements (Orion 25%) and 65% equity in the Creasy JV Tenements (Orion 5% (and Creasy group 30%)) and IGO retaining 70% equity in the GR JV Tenement (Orion either 10% (and GR 20%) or 30% (and GR no longer holding an interest)),

(together, the **Options**).

Terms of the Agreement are set out in more detail below.

### **Management Comment**

Commenting on the joint ventures with IGO, Orion's Managing Director and CEO, Mr Errol Smart said:

*"This is a very important transaction for Orion which secures the involvement of the dominant player in the Fraser Range belt in the ongoing exploration of our highly prospective tenement holding. Orion will benefit from IGO's extensive expertise in the region, particularly the*

knowledge they have gained through the development and operation of the world-class Nova-Bollinger project, and their ability to fund ongoing exploration programs.

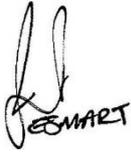
I believe our technical team has done a great job in securing and exploring what we believe to be a world-class exploration package in one of the world's leading emerging nickel-copper provinces. However, there is no doubt in our minds that IGO are best placed to spearhead the next phase of exploration and hopefully unlock the next significant discovery.

The deal is structured in a way that ensures that we retain significant exposure to this upside without any financial commitment through to the completion of a PFS. This frees us up to devote more resources the development of our South African zinc-copper and gold projects."

### **Detailed Agreement Terms**

Key terms of the Agreement are as follows:

- IGO to purchase a 70% interest in Orion Tenements, a 60% interest in Orion's Creasy JV Tenements and a 65% interest in Orion's GR JV Tenements for:
  - \$700,000 to be paid in cash; and
  - IGO taking a \$1,300,000 share placement of Orion shares at an issue price of \$0.024 per share.
- Following completion of the sale of Orion's interest in the Fraser Range Project:
  - IGO shall free-carry Orion up until the completion of a PFS. Following completion of the PFS, Orion and IGO must contribute funds pro rata at their percentage interests in the relevant tenements (except that in relation to the GR JV Tenement, Orion must also fund any percentage interest held by GR).
  - Until completion of the PFS, IGO shall hold the Options as detailed above.
  - Standard dilution clauses will apply including that following completion of the PFS, should Orion's interest dilute to below 5% it shall automatically convert to a 1% net smelter royalty (**NSR**) payable by IGO on all ores, minerals, or other products in respect of IGO's interest in the relevant joint venture, in exchange for the transfer to IGO of Orion's interest (**Orion Dilution NSR**).
  - GR JV Tenements:
    - Under the terms of the existing GR JV Agreement, during Orion's sole funding period, GR has granted Orion an exclusive option (expires 8 March 2021) to purchase GR's 20% interest in the GR JV Tenement for a \$1,000,000 cash payment and a 1% NSR (**Orion Option**). Orion shall retain the right to exercise the Orion Option.
    - Orion has agreed that during Orion's sole funding period and prior to the making of a decision to mine, if Orion elects not to exercise the Orion Option, IGO may request in writing to Orion that it exercise the Orion Option by paying Orion \$1,000,000 cash to enable Orion to exercise the Orion Option. Should this occur, upon receipt of GR's 20% interest, Orion shall immediately transfer the 20% interest to IGO (or direct that GR transfers its 20% interest direct to IGO).
    - IGO and Orion agree that any NSR payable to GR under the terms of the GR JV Agreement shall be paid by each party to GR according to each party's interest in the GR JV Tenement at the time that the GR NSR liability is incurred.
    - Should Orion's interest be diluted to the extent where Orion receives an Orion Dilution NSR, IGO shall be obligated to pay GR any GR NSR due under the terms of the GR JV Agreement. Any GR NSR payable by IGO to GR in this circumstance shall be deducted from any Orion Dilution NSR payable by IGO up to the amount of the Orion Dilution NSR due to Orion.



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 such mineral provinces.

Recently, the Company has entered into options and earn-in rights agreements over a combined area of 1790km<sup>2</sup> in the highly prospective Areachap belt, North Cape Province of South Africa (Figure 2). 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 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 the Jacomynspan Prospect which is 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).

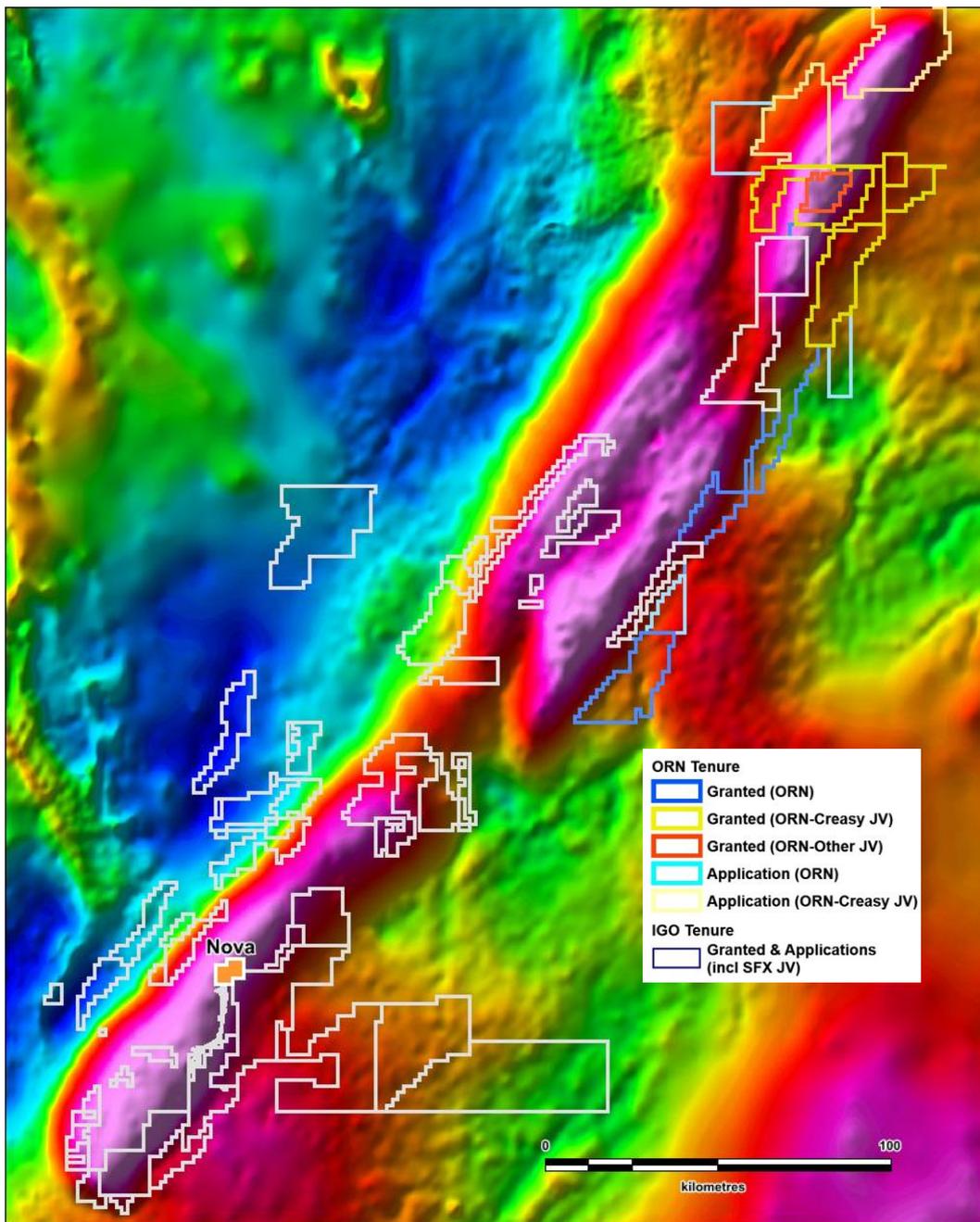
The Company also continues to explore a large tenement package on the Connors Arc in Queensland, where a significant intermediate sulphidation, epithermal gold and silver system has been identified at Aurora Flats. The project lies between the Cracow and Mt Carlton epithermal deposits. The Company's 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).

The Company has an experienced management team with a proven track record in exploration, development and adding shareholder value.

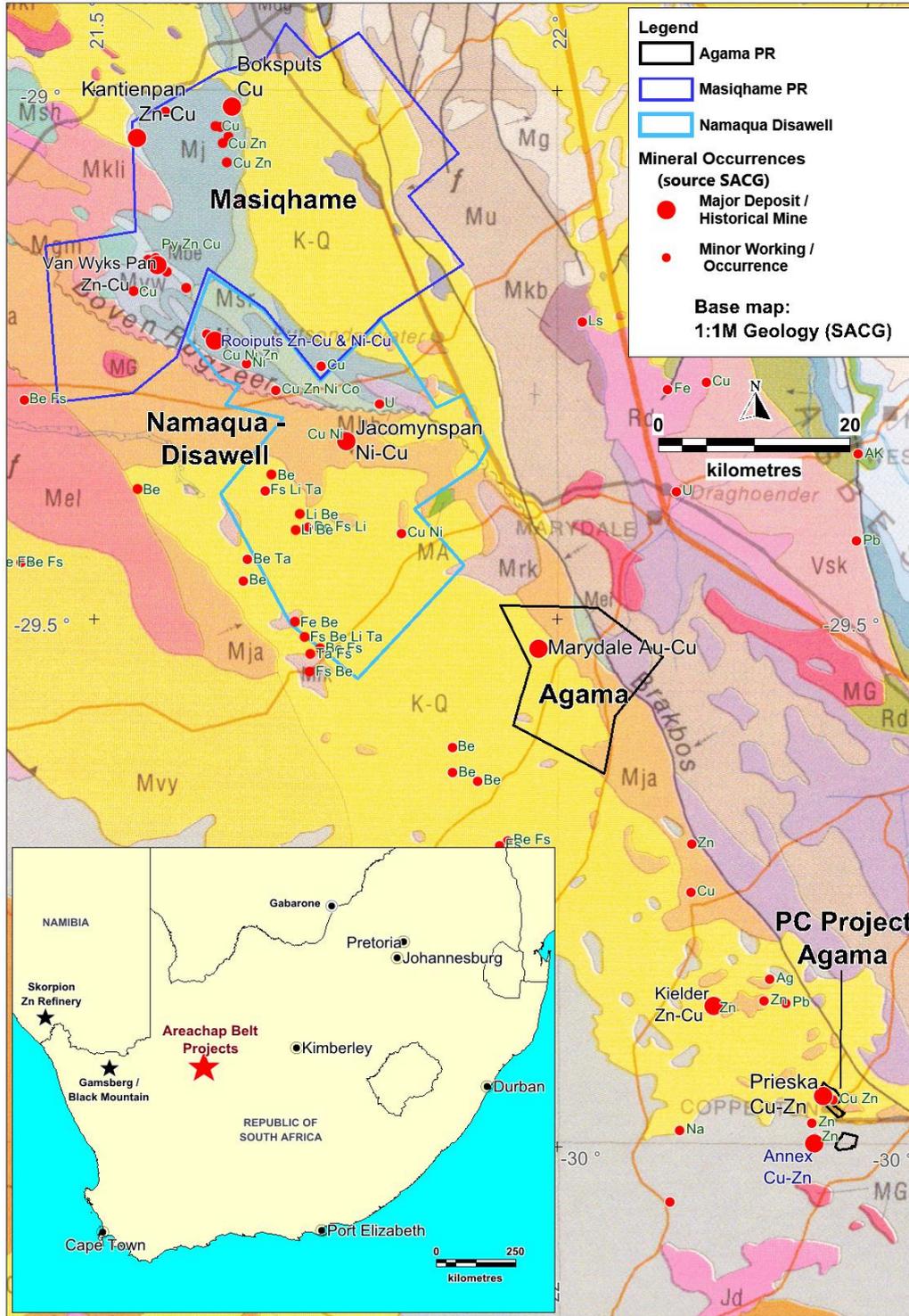
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**Figure 1:** Plan showing Orion's Fraser Range Project and ownership/JV structure over regional gravity image. Also shown is IGO tenure (including JV with SFX).

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**Figure 2:** 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.

## 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).

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## Appendix 1:

### 1. Orion Tenements

Tenement	Orion Ownership Percentage
E28/2367	100%
E28/2378	100%
E28/2462	100%
E28/2596	100%
E39/1818 (a)	100% Orion upon grant.
E28/2644 (a)	100% Orion upon grant.
E69/3488 (a)	100% Orion upon grant.

### 2. Tenements subject to an existing joint venture agreement with entities controlled by Mark Creasy (Creasy JV Tenements)

Tenement	Orion Ownership Percentage
E39/1654	70%
E39/1658 (a)	70% passing to Orion upon grant.
E69/2379	70%
E69/2380	70%
E69/2706 (a)	70% passing to Orion upon grant.
E69/2707	70% to pass to Orion upon lodgement of transfer documents with DMP.

### 3. Tenement subject to an existing joint venture agreement with Geological Resources Pty Ltd (GR JV Tenement)

Tenement	Orion Ownership Percentage
E39/1653	Orion has 80% interest and holds an exclusive option to purchase an additional 20% interest.

(a) Application.