Orion Gold NL (ORN)

Exciting potential in the Fraser Range Belt and Queensland Epithermal Project

Recommendation: Speculative BUY

November 2014

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Company Information

ASX Code	**ORN**
Share Price	A$0.030
Ord Shares (30 Sep 2014)	243.8m
Options (30 Sep 2013)	88.1m
Market Cap	**A$7.314m**
Cash (Sep 30 2014)	A$0.144m
Total Debt (Sep 30 2014)	A$0.340
Enterprise Value	**A$7.510m**

Directors& Management

Chairman	Denis Waddell
Managing Director& CEO	Errol Smart
Technical. Director& Chief Operating Officer	Bill Oliver
Non-Executive Director	Alexander Haller
Business Development Manager	Martin Bouwmeester
Company Secretary	Kim Hogg

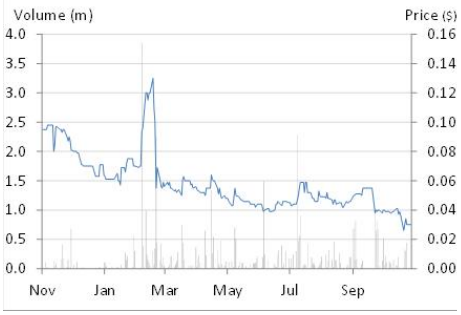
Substantial Share Holders

Silja Investment Ltd/ Alexander Haller	24.07%
Mark Creasy Group	8.1%
Tarney Holdings / Denis Waddell	6.79%

Company Details

Address	Suite 2, 64Thomas Street West PerthWA6005
Phone	+618 94852685
Web	www.oriongold.com.au

1 Year Price Chart



Source (IRESS)

Key Points

- ***Focus shifts from Victorian Goldfields to exciting Fraser Range Ni-Cu-Co in WA and Queensland epithermal gold/silver***
- ***Significant land holding (up to 5,000km^2 granted and under application) in the emerging Fraser Range Belt between major discoveries Nova-Bollinger (Ni-Cu-Co) and Tropicana (Au)***
- ***Intensive, systematic exploration program has successfully generated 23 targets over the past 12 months***
- ***First two phases of drilling confirm the presence of Ni-Cu bearing mafic and ultramafic intrusions***
- ***Initial field work at Aurora Flats, the most advanced prospect at the Connors Arc Epithermal Project, Queensland, identifies an extensive intermediate sulphidation epithermal vein system***
- ***Option for A1 Consolidated Gold to acquire Walhalla Project tenements, with Orion retaining rights to Ni-Cu-PGE minerals in defined intrusive hosted sulphides***
- ***Currently raising up to $2.43m through one for three pro-rata renounceable entitlement issue at 3.0 cents***
- ***Funds will be used to continue exploration in the Fraser Range and Queensland, including geophysical surveys and drilling***

Orion Gold is a well-credentialed ASX-listed exploration company focused on acquiring, exploring and developing large tenement holdings or regional scale mineral opportunities in world-class mineral provinces.

Company Overview

Orion Gold NL ("Orion", ASX: ORN), formerly known as Goldstar Resources before a name change in 2009, was initially set up to explore and develop the Walhalla Goldfield in Victoria.

Orion now has a significant land package in the Albany Fraser Belt in Western Australia and the Connors Arc Project located 120km northwest of Rockhampton and lying between the active mining operations of Cracow (+2Moz produced) and the relatively newly-developed Mt Carlton mine.

The company has a very knowledgeable and experienced board and management with a proven track record in exploration and development capable of guiding the company through the next stages of exploration.

The current equity raising, is expected to raise sufficient capital to sustain the short-medium term exploration effort at the company's two primary projects, which will comprise ground geophysical surveys and initial drill testing.

Investment Thesis

Switch of Focus a Potential Game Changer

Switch of focus a major positive

Orion's move to shift its focus from the Walhalla Goldfield in Victoria and to concentrate its efforts on its Fraser Range nickel-copper-PGE and gold exploration, as well as its Queensland epithermal gold, is viewed as a potential game changer.

Walhalla well explored...

...but time to move on

The Walhalla Gold District in Victoria was a significant +4Moz gold producer. However, like many previous exploration campaigns at Walhalla and other vein gold exploration efforts in Victoria during the past three decades, the ultimate outcomes have been disappointing. Over a period of several years, Orion (and Goldstar previous to its name change) has conducted comprehensive exploration and evaluation programs here, largely without commercial success, and it is now highly appropriate to move on.

Non-gold potential nevertheless remains

It is interesting to note that it is the current management of Orion that recognised the non-gold potential of the Walhalla area, particularly nickel, copper and platinum group minerals, and the deal struck with A1 Consolidated in August 2014 retains a defined interest in this non-gold potential.

Fraser Range Belt has Massive Exploration Potential

Foresight to acquire ground in sought-after area

Fortunately, due to very good forward planning, the company has been able to acquire extensive exploration tenements in one of Australia's exploration hot-spots, the Fraser Range Belt. Unlike the Victorian Goldfields with its long history of production, exploration will now focus on a mineral belt only 330km from Kalgoorlie which has had very little modern-day exploration until recent times.

The substantial land holding in the Fraser Belt lies between two of the most significant exploration discoveries in the past decade:

Land holding lies between two of the most significant discoveries this decade

- The Nova-Bollinger Ni-Cu-Co deposit discovered by Sirius Resources. Nova-Bollinger has a mineral resource of 14.3Mt containing 325,000t nickel, 134,000t of copper and 11,000t of cobalt (May 2014). The ore reserve is 13.1Mt containing 273,000t nickel, 112,000t copper and 9,000t cobalt (July 2014).

- The Tropicana Gold deposit developed by AngloGold Ashanti/Independence Group. Tropicana has a resource of 7.72Mozs and a reserve of 3.76Mozs of gold (December 2013). Estimated annual production for the first three years is 470,000-490,000 ounces and average annual life-of-mine production is estimated to be 330,000-350,000 ounces. Tropicana produced 261,000 ounces in the 9 months to September 2014 at an all in sustaining cost of $721/oz. First gold was poured in September 2013 and commissioning completed during the June Quarter 2014.

Early exploration results are encouraging

Early exploration results are very encouraging. Orion's intensive systematic exploration programs have successfully generated 23 targets to date by a combination of geological, geochemical and geophysical methods. At the Peninsula-HA2 Prospect, substantial widths of low grade nickel and copper mineralisation (generally <0.10% Ni and <0.05% Cu) have been identified by drilling, and geochemical and petrology studies have been positive. At the Pennor Prospect, drilling has confirmed mafic-ultramafic intrusions and assay results have confirmed nickel anomalies over an extensive area.

Encouraging Early Results from Queensland Epithermal Gold-Silver Project

Early indications of intermediate sulphidation epithermal system

The geological and structural setting of the Connors Arc Project area in Queensland is in common with numerous epithermal and/or porphyry style systems. Historic, shallow drilling at the Aurora Flats prospect indicate Au-Ag-Pb-Zn-Mn anomalism characteristic of an intermediate sulphidation (IS) epithermal system. Extensive epithermal quartz vein outcrops are diagnostic of a high level in the system and when combined with Mn-Zn-Pb anomalism and silver values significantly in excess of gold, are further characteristic of Intermediate Sulphidation Systems. Examples of this class of epithermal are Pachuca-Real del Monte in Mexico, Baguio in the Philippines and Tonopah in Nevada.

Management up to the Task

Highly experienced Board and Senior Management Team

The Board and Management of Orion have extensive experience in mineral exploration and development. Chairman and significant shareholder, Denis Waddell, needs little introduction, having been a director of Metana Minerals NL (a significant gold producer in the late 1980s) and a founding director of Tanami Gold NL. He has been associated with the minerals industry for more than 30 years. Managing Director/CEO Errol Smart, a geologist by profession, has extensive exploration and development experience with a number of companies, mainly in Africa. Bill Oliver's most recent public success was as a director of Signature Metals (a successful West African explorer) and Martin Bouwmeester has been involved in numerous gold projects over the past two decades. Non-Executive director Alexander Haller has been successful in numerous capital raisings.

Still Early Days – Exploration Risk

Main projects are early exploration with attendant risks...

...partly mitigated by quality/size of tenements and experienced management

As the company concentrates its exploration effort on the Fraser Range Belt and the Connors Arc Project, the risk-reward profile of the company will change. More early stage exploration to identify drill targets can give rise to mounting costs and there is no guarantee of a commercial outcome. In this respect, the company will face the same risks as all exploration companies, notably a potential lack of economic grade intersections and difficulties in raising sufficient funding to continue with meaningful exploration programs. Partly mitigating these risks are the experience of the directors, in terms of both exploration and capital raising experience, and the significant acreage and prospectivity in two separate projects. Having two projects mitigates the risk, provided both can be managed simultaneously. The systematic nature of exploration in Queensland (mapping, then geophysics) and expertise sourced means that exploration efforts there do not detract from exploration programs in the Fraser Range. Also, given the make-up of the Board, there is sufficient expertise to cover both projects.

Current Capital Raising

Orion to raise up to $2.43m through renounceable entitlements issue...

On 29 September 2014, Orion announced that it was to raise up to $2.43m through a pro-rata renounceable entitlements issue to shareholders at 3.0 cents per share. The entitlement issue is partially underwritten to an aggregate amount of up to $1.0m by entities associated with Orion directors Denis Waddell ($500,000) and Errol Smart ($100,000), Michael Fotios ($200,000) and Michael and Susan Lynch ($200,000). Orion's Fraser Range JV partner and shareholder, Mark Creasy, has committed to participating in the Entitlements Issue.

...on a 1 for 3 basis

Eligible shareholders are entitled to participate in the Entitlements Issue on the basis of one share for every three shares held on 28 October 2014. Shareholders will also be given priority to apply for shortfall shares in addition to their entitlements.

...to fund follow-up exploration programs

The main reasons for the offer is to raise sufficient funds to enable the company to undertake follow up exploration programs at the Fraser Range Project in Western Australia ($775,000), the Connors Arc Epithermal Gold Project in Queensland ($675,000) and the Walhalla Project in Victoria ($225,000), as well as to repay the company's existing debt ($200,000) with Tarney and working capital ($517,000).

Key Dates for Offer

Prospectus Lodged	21 October
Start of Rights Trading	24 October
Record Date	28 October
Offer Period Opens	30 October
Rights Stop Trading	7 November
Shares Quoted on Deferred Settlement Basis	10 November
Offer Period Closes	14 November
Notification of Under-Subscriptions	19 November
Shares Issued & Deferred Trading Ends	21 November

Projects

Orion has three key assets in Australia:

- The Fraser Range Nickel-Copper and Gold Project in Western Australia
- The Connors Arc Epithermal Project in Queensland and
- The Walhalla Polymetals Project in Victoria

Main focus is Fraser Range and Connors Arc

Figure 1: Location of Projects *Source: Orion Gold NL*

Fraser Range Nickel-Copper & Gold Project

Location & Background

Very large land holding...

The Fraser Range Nickel-Copper & Gold Project comprises almost 5,000km^2 of granted tenements and applications spanning the rich Fraser Range and Tropicana mineral belts in Western Australia.

...in a mineral belt that hosts two very significant discoveries in the past decade

The Tropicana Belt hosts the world-class Tropicana Gold Mine, operated by AngloGold Ashanti and Independence Group, which is one of the most significant new Australian gold discoveries of the past decade and is now in commercial production. The Fraser Range Belt has recently risen to international prominence with the discovery of the world-class Nova-Bollinger nickel-copper-cobalt deposit by Sirius Resources (ASX : SIR). The tenement areas cover prospective targets for both Tropicana-style gold and Nova-style nickel deposits. The company's primary target in the Fraser Range is magmatic hosted nickel-copper deposits.

Prospective for both Ni-Cu-Co and gold

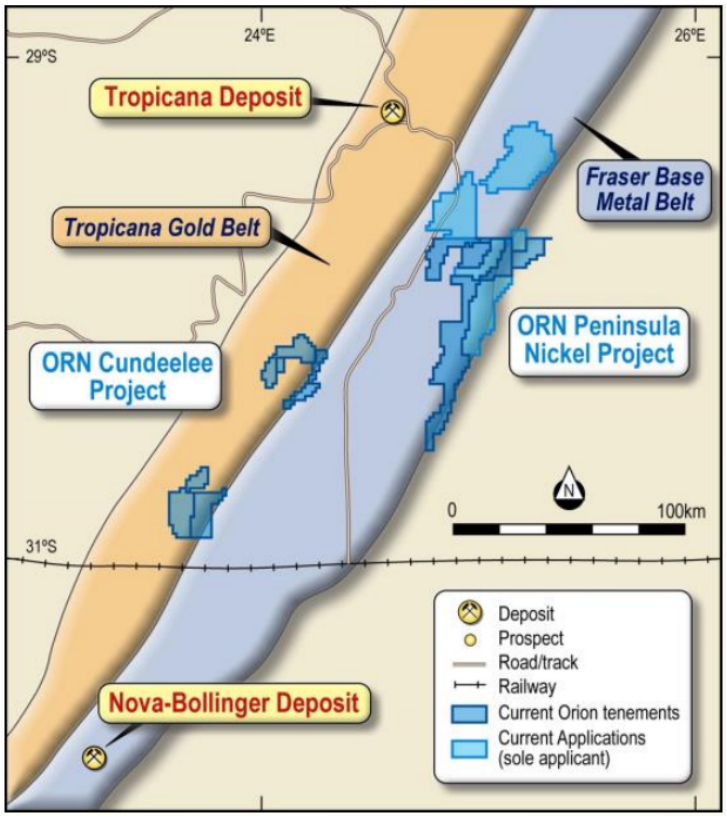


Figure 2: Fraser Range Tenement Location Map *Source: Orion GoldNL*

History

Mafic units identified between 2000 and 2006

Nickel-PGE exploration at the Peninsula Project, to the north-east of the Cundeelee Shear Zone, was carried out by Western Areas NL between 2000 and 2006. Scout RC drilling in 2005 yielded intersections of mafic units which were interpreted to represent differentiated mafic intrusives, similar to those which were later discovered and host Sirius Resources' Nova-Bollinger nickel-copper-cobalt deposit.

Initial tenements acquired through takeover of unlisted Kamax Resources...

In July 2013, Orion acquired exploration licences covering approximately 913km^2 in the Tropicana and Fraser Range Province from unlisted company Kamax Resources Limited (co-founded by now Orion director Bill Oliver) through the issue of shares and options. Areas included the Peninsula Ni-Cu-PGE Project and the Cundeelee Gold Project.

...followed by a deal with the Creasy Group

On 5 August 2013, Orion announced that it was to acquire a 70% interest in a 2,628km^2 tenement package surrounding and contiguous with the Peninsula Project from companies controlled by Mark Creasy, one of Australia's most prominent mining identities, through the issue of 15m Orion shares and 18.5m options.

Exploration

Since acquiring the project, Orion has carried out several ground EM surveys over the Peninsula Project, verifying anomalies detected in a HeliTEM survey as well as carrying out reconnaissance EM surveys over the newly acquired tenements. While this survey

Ground EM surveys to assist in design of airborne EM

was primarily to assist in the design of airborne EM surveys and ground surveys, it detected a strong bedrock conductor in a magnetic "eye" feature, subsequently named the CE Prospect (See Figure 3). A geological mapping and reconnaissance trip was also carried out during the first quarter of the 2014 financial year.

The image below shows key exploration targets defined by the integrated survey and exploration data collected by Orion:

Exploration targets identified

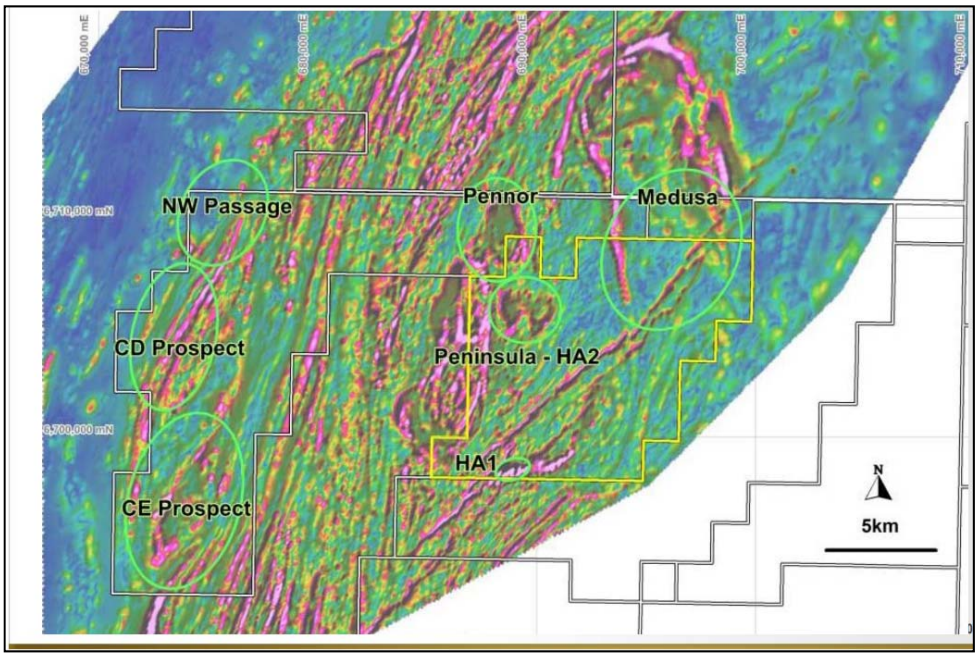


Figure 3: Fraser Range Key Exploration Targets *Source: Orion Gold NL*

Maiden drill program detected mafic-ultramafics at Peninsula

In November-December 2013, the company carried out its maiden drill program at the Peninsula Project, testing the HA1, HA2 and HA3 Prospects. Thirty five holes (1,736m) were drilled. Mafic-ultramafic intrusives were identified at all prospects with results of interest from HA1 and HA2. The company also carried out a project-wide ground gravity survey.

Early exploration identified 23 target areas

In January 2014 an airborne VTEM max survey was carried out across the tenements acquired from the Creasy Group. The results of these surveys were integrated with historical aeromagnetic data and geochemistry and led to the definition of 23 initial target areas within the company's landholding.

Drilling at CE and HA2 intersected mafic intrusives

In February 2014 drilling recommenced in the Fraser Range with an aircore program at the CE Prospect followed by RC drilling at both CE and HA2. While aircore drilling intersected mafic intrusives at CE, the conductor identified by ground EM turned out to be a graphitic shale. Further work is planned at the CE Prospect following up elevated nickel results in the mafic intrusive which was intersected.

Wide zones of Ni-Cu mineralisation intersected at Peninsula-HA2

RC drilling (13 holes) was also carried out at Peninsula-HA2, following up prospective geology, geochemistry and a trial Induced Polarisation (IP) study, and successfully intersected wide zones of nickel-copper mineralisation. The company releases a substantial amount of this data in its announcements and presentations, which gives those investors with technical knowledge the information to evaluate the company's prospects. A detailed review of geochemical and petrological data from this drilling refined the target at HA2 and identified that the entire body was sourced from the same magma pulse, increasing the prospectivity of adjacent, larger bodies with similar geophysical characteristics, such as Pennor. While these areas were inferred to be intrusive bodies, no drill testing had been carried out and, significantly, no exploration

for potential feeder zones between these bodies had been completed. Encouragingly, one of the intersections was coincident with the strongest of the IP anomalies, which will result in wider use of IP surveys in future exploration. Best results include:

- 80m at 0.11% Ni, 0.05% Cu and 0.01% Co from 44m
- 47m at 0.08% Ni, 0.02% Cu and 0.01% Co from 44m
- 50m at 0.09% Ni, 0.04% Cu and 0.01% Co from 100m
- 6m at 0.10% Ni, 0.05% Cu and 0.01% Co from 190m

The specialists that Orion uses for its Fraser Belt exploration are Professor Reid Keays from Monash University, a world-leading specialist in the geochemistry of mafic and ultramafic intrusions as well as their link to magmatic ore bodies, and Dr Tony Crawford, who has extensive experience studying mafic and ultramafic rocks and associated Ni-Cu-PGE exploration and overseas (including Sirius Resources and other explorers in the Fraser Belt).

Recent drilling at Pennor confirmed mafic-ultramafic intrusives

Drill programs at Pennor and adjacent areas have recently been completed. The aircore/RC drilling has confirmed mafic-ultramafic intrusive at Pennor. The magnetic "low" is similar to Peninsula, where Orion intersected substantial lengths of Ni-Cu mineralisation, but the area is considerably larger (4.5km^2 compared to the 2.8km^2 at HA2). Assay results defined coherent nickel anomalies over an extensive area (1.8km^2) within the Pennor mafic intrusion. The nickel tenor is significantly higher than the equivalent program at Peninsula-HA2.

These findings confirm the prospectivity of Pennor. Orion will shortly be commencing high powered ground EM and IP surveys focussing on the nickel anomalies defined by drilling. Targets identified in these surveys will represent high priority drill targets given the geological and geochemical setting.

Key Indicators – How are the individual prospects shaping up?

The key geophysical, geochemical and geological indicators for Orion's most advanced prospects in the Fraser range tenements are shown in Figure 4.

Critical boxes being ticked...

...with exploration to fill in the gaps

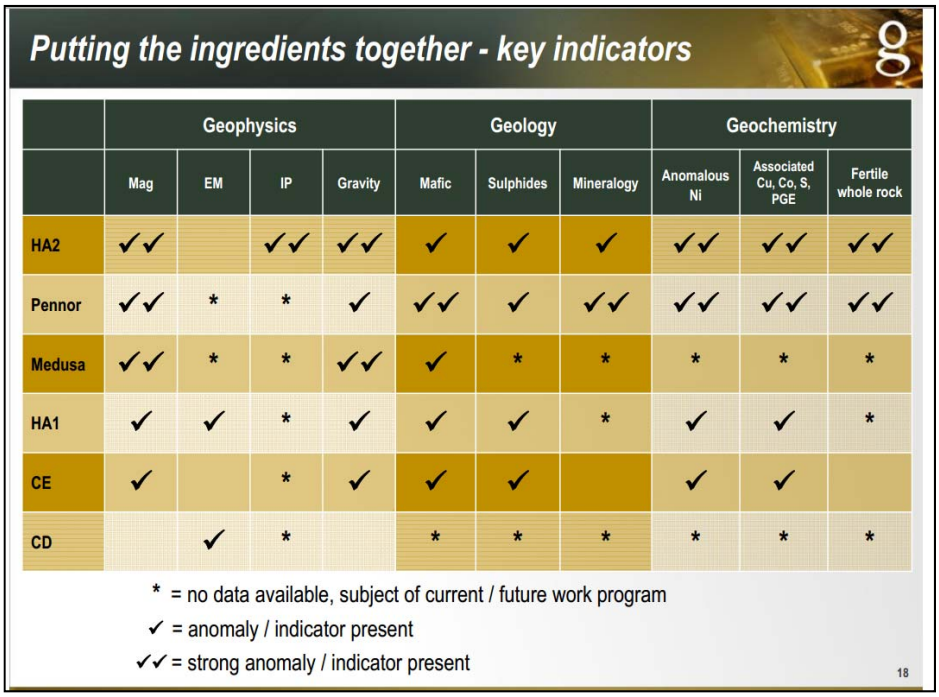


Figure 4: Key Exploration Indicators at Fraser Range Prospects *Source: Orion Gold NL*

How does the early exploration shape up against Nova?

Any results published on Ni-Cu projects in the Fraser Range Belt will invariably draw comparisons with the recently-discovered Nova deposit. It must be emphasised that Orion's exploration is still at a very early stage and there have been no economic grade Ni-Cu intersections. However, the comparative data between Sirius Resources' and Orion's early exploration results, shown in Figure 5, shows interesting comparisons.

Strong comparisons between early results from Orion's prospects and Nova

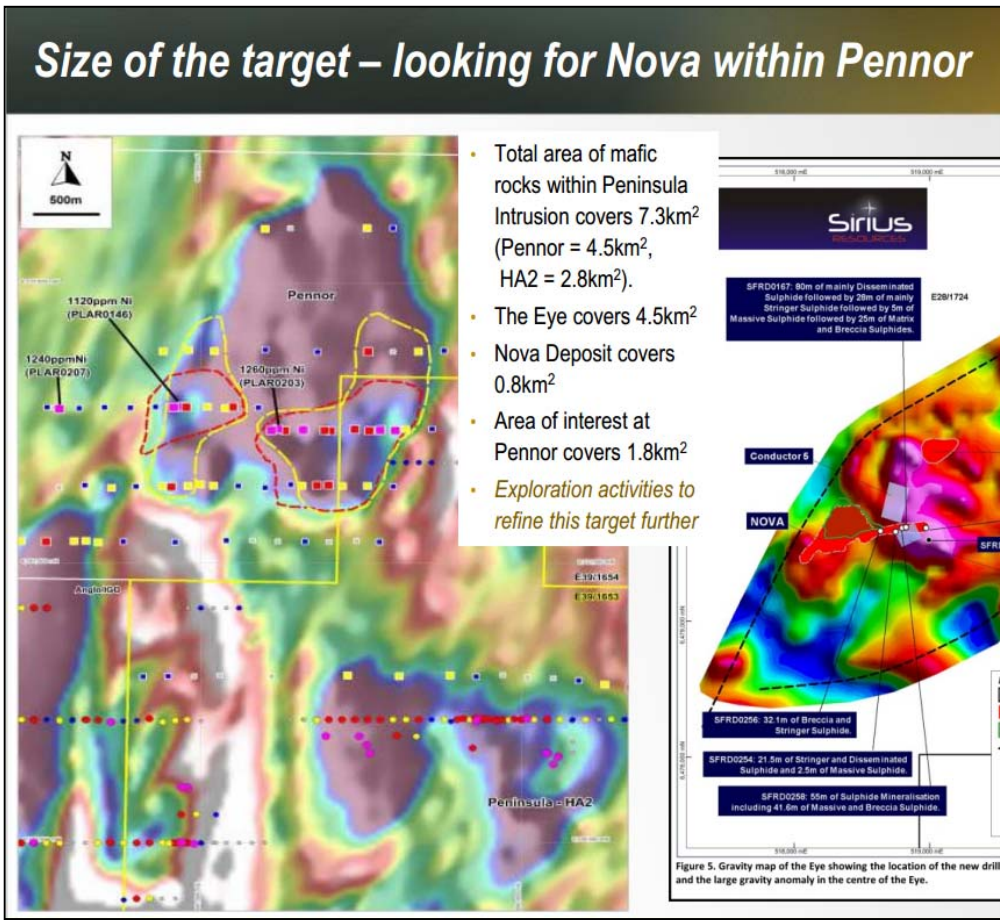


Figure 5: Looking for a Nova within Pennor? *Source: Orion Gold NL*

Connors Arc Epithermal Project, Queensland

Location &Background

Orion Gold's Connors Arc Project is located 180km from Rockhampton in Central Queensland. This Project comprises three granted EPMs covering 596km^{2}and further applications which, if granted, would take the project area to more than 2,000km^2. Currently, the company is not aware of any competing applications for the areas under application.

Early characteristics at Aurora Flats indicative of an IS epithermal system

The project area is located within a geological and structural setting very similar to other significant epithermal gold systems in Queensland, such as Cracow and Mt Carlton. The identified system is of the same broad age (Permian-Carboniferous) as many other intrusion-related gold systems in Queensland. Key prospects are spatially associated with a large, magmatic hydrothermal system.

The geological and structural setting of the Connors Arc Project area in Queensland is in common with numerous epithermal and/or porphyry style systems. Historic, shallow drilling at the Aurora Flats prospect indicate Au-Ag-Pb-Zn-Mn anomalism characteristic of an intermediate sulphidation (IS) epithermal system. Extensive epithermal quartz vein outcrops are diagnostic of a high level in the system and when combined with Mn-Zn-Pb anomalism and silver values significantly in excess of gold, are further characteristic of

intermediate sulphidation systems. The project is immediately along strike from the Mt Mackenzie high sulphidation epithermal gold mineralisation, a very large, magmatic-hydrothermal system.

Geological/structural setting similar to other Qld epithermal deposits

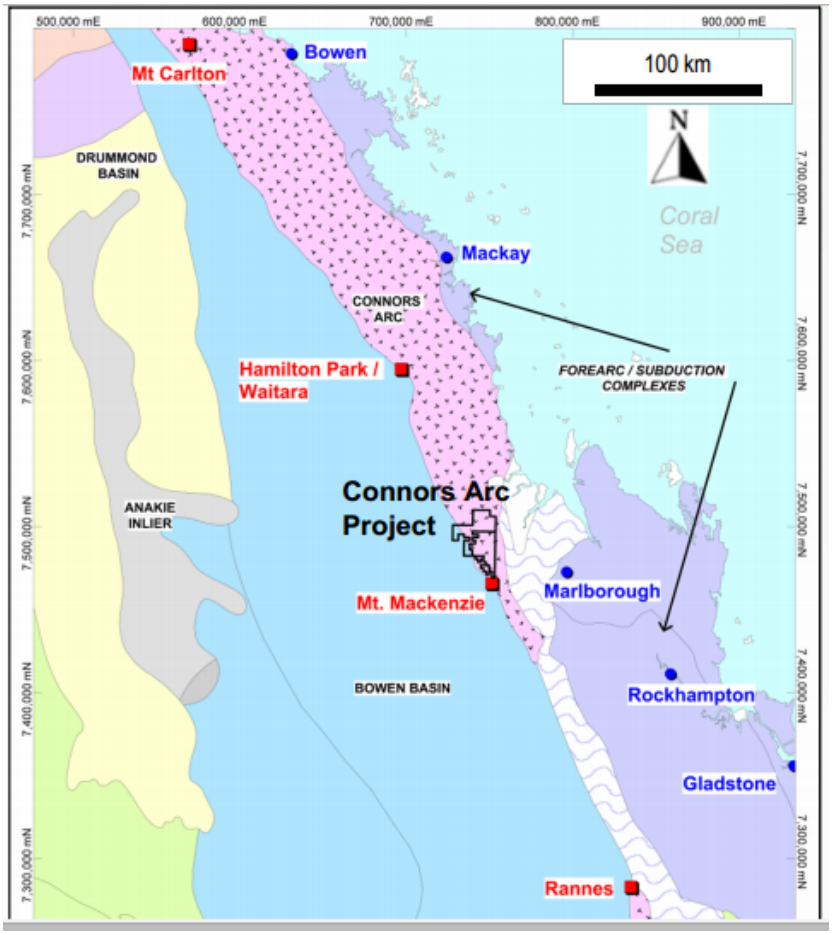


Figure 6: Connors Arc Project Location *Source: Orion Gold NL*

The diagrams below show the evolution of the three types of epithermal systems.

High, medium and low sulphidation epithermal system characteristics

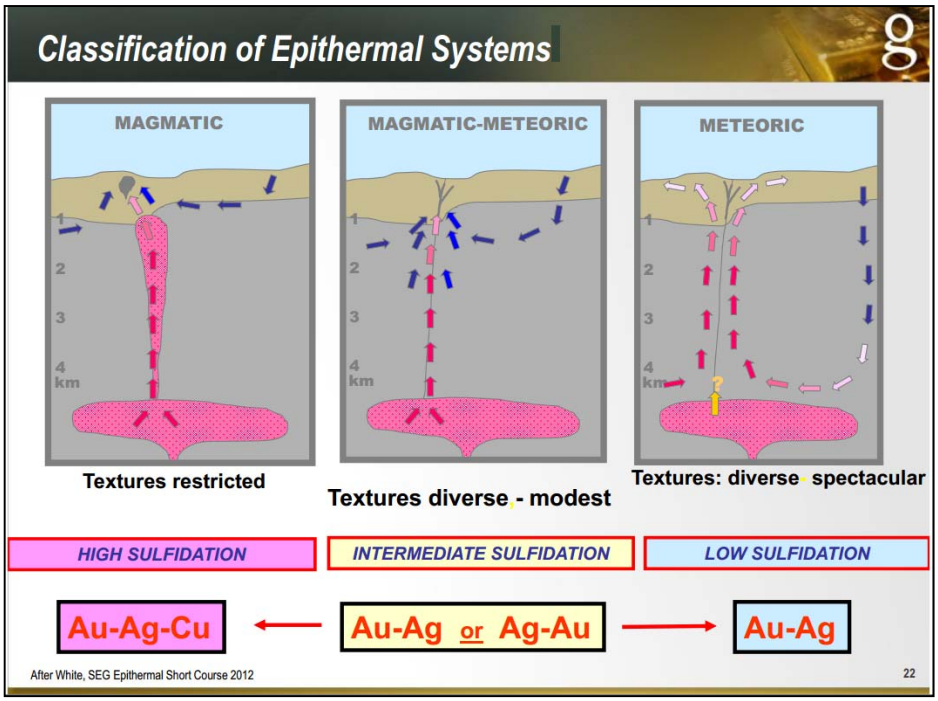


Figure 7: Diagrammatic Representation of Epithermal Systems *Source: White, SEC Epithermal Short Course 2012*

Exploration

Target areas determined by interpretation of ASTER data

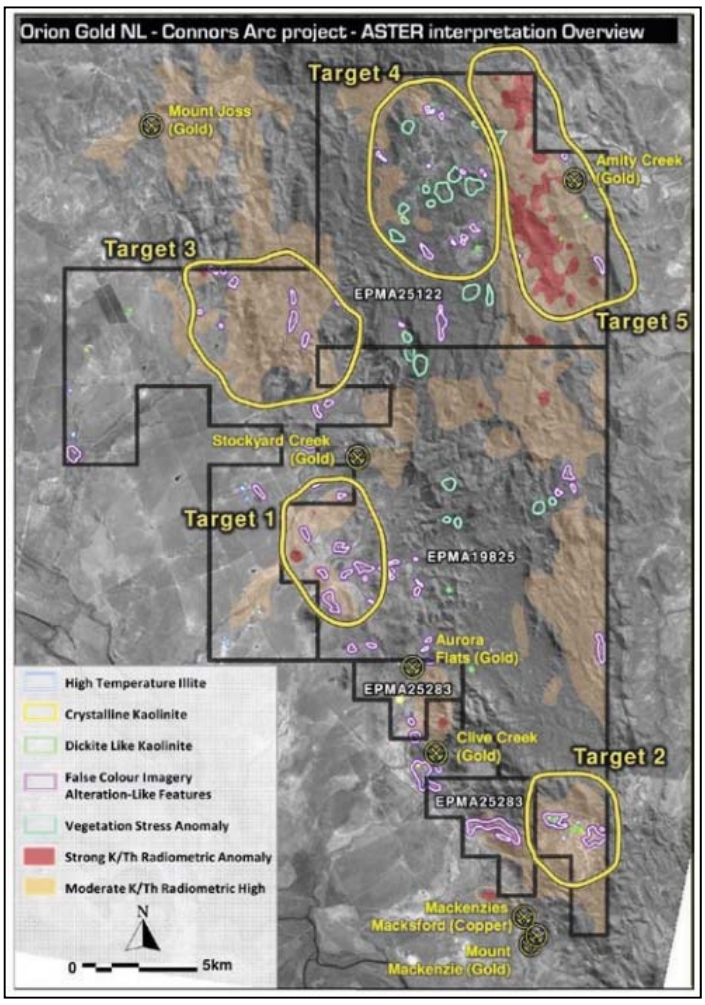


Figure 8: Target Areas, Connors Arc.....Source: Orion Gold NL

Review of ASTER data identified 5 target areas

Initially, work focused on the compilation and review of historical drill and geochemical data, as well as reviewing ASTER data. ASTER ('Advanced Spaceborne Thermal Emission and Reflection Radiometer') is an imaging instrument on board NASA's Terra satellite. ASTER images are used in mineral exploration to interpret alteration mineralogy. An understanding of zonation of these facets of alteration minerals can assist in developing vectors to epithermal and porphyry gold mineralisation. This work has resulted in the identification of five areas of interest (see Figure 8), based on coincident ASTER alteration, geological and geophysical features.

Drilling at Aurora Flats intersected veining at ~80m below surface...

The most advanced prospect at the Connors Arc Project is the Aurora Flats Prospect, where historic shallow percussion and RC drilling tested veins to a depth of 80m below surface. Drilling returned several promising intersections of vein material at approximately 80m below surface, including 1m at 1.14g/t gold and 77g/t silver. The geochemical data from this drilling, along with short wave infra-red analysis of drill chips, supports the company's belief that it has tested a high level of the epithermal system, above the zone expected to be prospective for the highest grade gold and silver mineralisation.

...believed to be testing a high level of the epithermal system

Reconnaissance field mapping traced the surface expression of outcropping veins and allowed observation and interpretation of the textures of these veins. Vein textures are a strong diagnostic feature for depth of formation in epithermal mineral systems. The program also incorporated a review of the historical exploration database with particular focus on re-interpretation of the geology and geochemical data from shallow drilling.

Vein structures and anomalism characteristic of ISS

Figure 9: Crustiform, colloform quartz with bluish chalcedony Source: Orion

Figure 10: Banded epithermal quartz vein Source: Orion Gold NL

The review was carried out by Prof Noel White and Bruce Wilson, both highly experienced epithermal mineralisation experts. Professor White's input is particularly significant due to his substantial international reputation as an exploration consultant, teacher and researcher. He was previously Chief Geologist, Exploration for BHP Minerals working in 55 countries from bases in Australia, UK and USA) and is now a Distinguished Professor of Economic Geology and Director of the Ore Deposits and Exploration Centre at Hefei University of Technology.

Some of its key findings show:

- A strongly developed quartz vein swarm extending over 3,500m of strike trend and 1,000m width.
- More than 80 individual, coherent vein occurrences with widths from 0.3m to 4m wide have been observed and mapped.
- Textures that are clearly indicative of veins at a very high level (upper 100m) in the epithermal system, and the veins are encouragingly robust given their high elevation in the system. This bodes well for vein development at the critical ore elevation of between 300m and 1,000m below the current surface.
- Epithermal textures of quartz veins, combined with anomalous manganese-zinc-lead and silver values significantly higher than gold, which are characteristic of Intermediate Sulphidation Systems.

Footprint recently increased by field mapping

In an ASX announcement on 27 October, the company announced that field mapping had identified further outcropping epithermal veins in the Aurora Flats area. Veins running parallel to those initially mapped have increased the width of the surface expression of the system to 1.5km with the strike extent now mapped over 4.5km.

Geophysical programs to commence

In light of the positive review, Orion has decided to prioritise near-term exploration activities at Connors Arc alongside ongoing exploration programs at its Fraser Range Nickel-Copper Project in Western Australia. A localised high power resistivity and chargeability geophysical survey will now be conducted over the Aurora Flats vein swarm area, with results from this survey to form the basis for future drilling programs. This survey is expected to begin in November 2014.

Walhalla Gold & Polymetals Project, Victoria

Background

The Walhalla-Woods Point District is most widely known as Victoria's third largest historical goldfield, with significant past production exceeding 4 million ounces of gold at a reported head grade of more than 25g/t gold. Orion's existing gold resource is 1.91Mt at a grade of 4.37g/t containing 268,400 ounces of gold, all in the Inferred category. In addition, there is an Exploration Target of a further 30,000 to 160,000 ounces of contained gold (0.6-1.8Mt at 1.6-2.8g/t gold).

Walhalla Goldfield is Victoria's third largest

However, while the Walhalla-Woods Point District is best known for gold mining, high-grade copper-nickel and Platinum Group Element (PGE) mineralisation also occurs within the belt. Both mineralised styles are associated with the Woods Point Dyke Swarm.

Exploration

All the earlier exploration and development work conducted by Orion (and Goldstar before its name change) concentrated on gold. However, there are also several known Cu-Ni-PGE occurrences, including historic small scale mining at Coopers Creek. Both mineralised styles appear to be associated with the Woods Point Dyke Swarm. There was only sporadic exploration for polymetals in the 1970s and 1980s, mainly concentrated on Coopers Creek. The polymetallic potential of the Wood Point Dyke Swarm had been largely ignored.

Until recently, exploration focus was on gold...

In 2013, re-assessment of the project began as a result of new developments in the understanding of controls on magmatic sulphide mineralisation.

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Recent exploration has focused on Cu-Ni-PGE mineralisation

During the past year, exploration has focused on Cu-Ni-PGE mineralisation at Walhalla. Drilling was carried out at the Coopers Creek Prospect and successfully intersected PGE mineralisation, highlighting the unique opportunity existing within the project area. Work was also carried out on two known copper prospects, Maynards Gully and Walhalla East, with geochemical data confirming the potential for PGE mineralisation at these prospects. In addition, targeting and reconnaissance work was also carried out to identify potential prospects not previously identified by prospectors or other explorers.

Agreement with A1 Consolidated Gold Limited

A1 Gold has an option to acquire Walhalla tenements...

In August 2014, Orion entered into an option agreement with A1 Consolidated Gold Limited (A1 Gold) for A1 Gold to acquire the company's Walhalla Project tenements. Orion will retain the rights to explore for, develop and mine all deposits which are 67% or greater intrusive-hosted sulphide minerals, including copper, nickel and PGE's with subordinate gold and silver. The option term expires on 31 July 2015.

...with Orion retaining interest in polymetals

This is an excellent outcome for Orion as the exploration focus had shifted from gold to polymetals approximately two years ago.

Breakaway's View

Two potential game-changing projects

What possibly sets Orion aside from many other early stage exploration companies is two potentially game-changing projects, each with the possibility of being tested with positive outcomes within the next six months. The nature of these projects is such that a discovery hole into either, with ore grade mineralisation, would not only be proof of concept for the deposit models, but could trigger a positive run on the share price in a similar manner to what the discovery hole at Nova did for Sirius.

Significant progress at Fraser Range in short period of time

The fact that two world-class deposits have been discovered in the Fraser Range/Tropicana Belts in the past decade does not, in itself, guarantee exploration success for Orion. However, the company has accumulated a very substantial land holding in the district and is undertaking a very systematic and disciplined approach to exploration. To date, this has not only generated more than twenty targets but has confirmed the presence of mineralised Ni-Cu mafic-ultramafics, the requisite host rocks for nickel sulphide deposits. Some of the anomalies show a distinct similarity to the Nova discovery. Acquisition and early exploration success has largely been achieved in the past twelve months. It is still early days, with no economic Ni-Cu intersections to date and normal exploration risks, but the enormous potential of the project is undeniable.

Qld epithermal with high tonnage potential...

...high risk, high reward

The company's epithermal gold exploration in Queensland is at an even earlier stage of exploration. Results to date have been highly encouraging, but there is long way between identifying epithermal systems and determining economic resources. That said, the veins already mapped at Aurora Flats would indicate a huge tonnage potential. If the concept of higher grade ore from a depth of +200m, as current modelling suggests, is proven, with grades similar to intermediate sulphidation peers, the impact on the company's share price would be significant. Like Fraser Range, there is substantial risk but potentially high rewards.

Retaining Victorian polymetallic interests a positive

The move away from gold in Victoria, while retaining exposure to polymetallic sulphides, is seen as very positive. With a few exceptions, mainly those not associated with typical quartz vein deposits, exploration and development of gold in Victoria over the past few decades has not been particularly successful. On the other hand, the level of exploration for base metals over this period has probably been inadequate, and Orion's approach to polymetalic exploration at the Walhalla Project deserves at least some further attention.

Board & Management to drive exploration success

Many junior exploration companies boast of experienced management. Although exploration success can never be guaranteed, Orion's Board and management not only have extensive experience, but are true professionals with successful track records, particularly in exploration. In addition, management has enlisted the help and guidance of acknowledged experts in each style of mineralisation. Noel White (epithermals) and Reid Keays (mafic-ultramafics) have been successfully involved in conceptual studies leading to discoveries in the respective styles of mineralisation.

As an early stage explorer, there are significant risks that technical successes achieved to date will not be translated into commercial realities. However, for those investors with the appropriate risk appetite, Breakaway believes that Orion, with a market capitalisation of only $7m, offers significant upside and recommends Orion as a **Speculative Buy**.

Directors

Non-Executive Chairman

Denis Waddell

Denis Waddell is a Chartered Accountant with extensive experience in the management of exploration and mining companies. Prior to establishing Tanami Gold NL in 1994, Denis was the Finance Director of the Metana Minerals NL Group. During the past 30 years, Denis has gained considerable experience in corporate finance and operations management of exploration and mining companies.

Managing Director & CEO

Errol Smart

Errol Smart is a geologist, registered with the South African Council of Natural Scientific Professionals, a Recognised Overseas Professional Organisation for JORC purposes. Errol has more than 24 years of industry experience across all aspects of exploration, mine development and operation, with a key focus on gold and, in particular, shear hosted underground operations similar to historic mines located within the Walhalla Goldfield. Errol has a wealth of public and private company corporate experience. He has been on founding teams and managed a number of exploration and mining companies throughout Africa and has had strong exposure to Australian projects. Errol has held positions in Anglogold, Cluff Mining, Metallon Gold, Clarity Minerals and LionGold Corporation. In his role at LionGold, Errol was responsible for project acquisition and growth of the company, which saw it become the first gold mining company to be listed on the main board of the Singapore Stock Exchange.

Technical Director & COO

Bill Oliver

Bill Oliver is a geologist with more than 12 years' experience in the international resources industry working for both major and junior companies. He has had wide-ranging exploration experience with considerable success and has expertise in project identification and acquisition. Bill has led exploration teams in Europe and Australia, including senior roles with Harmony Gold, Iberian Resources, BC Iron and Bellamel Mining, and most recently was the Managing Director of Signature Metals. Bill is a Non-Executive Director of Celsius Coal Ltd and holds an honours degree in Geology from the University of Western Australia, a post-graduate diploma in Finance and Investment from FINSIA, and is a member of AusIMM and the AIG.

Non-Executive Director

Alexander Haller

Alexander Haller is a partner of Zachary Capital Management, providing advisory services to a number of private investment companies including Silja, focusing on the principal investment activities for these companies. From 2001 to 2007 Alexander worked in the corporate finance division at JPMorgan in the USA, advising on corporate mergers and acquisitions as well as financing in both the equity and debt capital markets.

Senior Management

In addition to Managing Director &CEO Errol Smart and Technical Director and COO Bill Oliver, other key management staff are:

Business Development Manager

Martin Bouwmeester

Martin Bouwmeester has 18 years' experience in the gold mining industry and was Business Development Manager, Chief Financial Officer and Company Secretary of Perseverance Corporation Limited. Martin was a key member of the team that evaluated the sulphide mineralisation at the Fosterville Gold Mine; an initiative that led to the discovery and definition of more than 3 million ounces of gold and the funding for the development of the mine and processing plant to exploit those resources.

Company Secretary

Kim Hogg

Kim Hogg has worked in the private sector for more than 20 years as a principal of an accounting practice, providing specialist services to clients seeking to raisecapital and list on the ASX. Kim has predominantly been involved in the preparation of prospectuses and in compliance work as company secretary for both listed and unlisted entities, and is currently secretary of several ASX listed companies.

Senior Exploration Geologist

Dr Jim Anderson

Dr Jim Anderson is an exploration geologist with 19 years' experience including 12 years in gold exploration. Jim's initial training was in Central Victoria and New South Wales and after completing a PhD (part of which related to the Walhalla goldfield), Jim worked extensively in Western Australia's goldfields including the last eight years with Tanami Gold NL. Jim has a strong grounding in structural geology which will greatly assist in the geological interpretation of the controls on mineralisation within the Walhalla Gold Project and in prioritising exploration targets to be drill tested.

Consultant Geologist

Bruce Wilson

Bruce Wilson has been retained by the company to run its epithermal gold exploration in Queensland. Bruce is an exploration geologist with 25 years of experience across a range of commodities with a focus on exploration for precious metals in sub-volcanic (porphyry) and epithermal environments. In addition to his wide ranging exploration experience in both Australia and overseas, he has senior management experience as a former director of exploration and mining service companies as well as a period spent in the environmental consulting industry. Since 2007, Bruce has operated his own mineral exploration consultancy, Mineral Man Pty Ltd, based in Townsville, Queensland. Bruce has a BSc (Hons) from James Cook University and is a member of the Australian Institute of Geoscientists.

Analyst Verification

We, Grant Craighead and Basil Burmeister, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

Disclosure

Breakaway Investment Group (AFSL 290093) may receive corporate advisory fees, consultancy fees and commissions on sale and purchase of the shares of Orion Gold NL and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

Disclaimer

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