Orion Gold NL (ORN)

Intensive exploration confirms Au-Ag veining at depth at Orion's Connors Arc Epithermal Project

Recommendation: Speculative BUY

Company Update

Key Points

- ***Geophysical surveys, field mapping and a maiden drilling program confirm the epithermal gold-silver potential at Connors Arc, Queensland***
- ***Continuity of epithermal veining, vein breccia and stockworks now established at depths of more than 200m below surface at the Aurora Flats Prospect at Connors Arc***
- ***Country rock alteration, high silver:gold ratios and elevated levels of pathfinder minerals all indicative of an Au-Ag epithermal system***
- ***Drilling at Veinglorious, the second exploration prospect at Connors Arc has not only detected epithermal veining but wide zones of pervasive hematite alteration in the volcanic host rocks, indicating the potential for a nearby porphyry intrusive body***
- ***Significant land holding (of up to 2,000km^2 granted and under application) on Connors Arc, Queensland, allows for meaningful exploration of district scale magmatic centres***
- ***Significant land holding (up to 5,000km^2 granted and under application) in the emerging Fraser Range Belt, WA***
- ***Intensive, systematic exploration program has already successfully generated 23 targets at the Fraser Range Ni-Cu-PGE Project***
- ***Systematic geophysical (EM) surveys continue to detect anomalies, interpreted as bedrock conductors, which are enhanced by the close proximity to fertile ultramafic intrusions***
- ***November capital raising plus receipt of $1.22m tax incentive rebate and WA Govt funding grants allow exploration activity to continue at both of the Company's projects***

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), has significant land packages at the Connors Arc Project, located 180km northwest of Rockhampton, Queensland and lying between the active mining operations of Cracow (+2Moz produced) and the relatively newly-developed Mt Carlton mine, and in the Albany Fraser Belt in Western Australia.. 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.

March 2015

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Company Information

ASX Code	**ORN**
Share Price	A$0.037
Ord Shares (19 Mar 2015)	305.6m
Options (19 Mar 2015)	88.6m
Market Cap	**A$11.307m**
Cash (Est)	A$1.5m
Total Debt (31 Dec 2014)	A$0.140m
Enterprise Value	**A$9.9m**

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	19.2%
Mark Creasy Group	6.8%
Tarney Holdings / Denis Waddell	10.9%

Company Details

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Web	www.oriongold.com.au

1 Year Price Chart

Source (CommSec)

Investment Thesis

Significant Exploration Progress at Connors Arc Au-Ag Epithermal Project

Geophysical anomalies detected on 3 lines

All three lines of the high resolution IP/resistivity survey conducted at the Aurora Flats Project detected significant resistivity and chargeability anomalies. Anomalies are located either immediately below mapped vertical/steep dipping epithermal veins or down-dip from mapped/sampled quartz veining. The chargeability anomalies appear to reach their strongest expression below depths of 200-300m below surface.

Maiden drilling program locates multiple epithermal veins...

The maiden drilling program at Aurora Flats located multiple epithermal veins and stockwork zones; both below veins mapped at surface and also veins without surface expressions. The vein textures and geochemical signatures of these veins are important indicators for precious metal-rich intermediate sulphidation epithermal deposits.

Wide, altered, mineralised zone intersected below 200m

One of the ten holes drilled at Aurora Flats intersected a 20m wide highly altered zone with strong epithermal veining, vein breccia and quartz stockworks approximately 200m below surface. This zone returned an intersection of 9m at 0.45g/t Au and 27.7g/t Ag, with peak values of 1.92g/t Au and 91.5g/t Ag over 1m.

Additional porphyry-style mineralisation potential

Potential for porphyry-style mineralisation at second prospect

Drilling at Veinglorious, the second prospect at Connors Arc, not only detected similar epithermal veining and alteration as Aurora Flats, but two of the deeper holes intersected wide zones of pervasive hematite alteration in the volcanic host rocks. This indicates the potential for a porphyry intrusive body close to Veinglorious and adds another dimension to the prospectivity of the project.

Importantly, strong, zoned alteration of surrounding country rock has been encountered in drilling at both Aurora Flats and Veinglorious – the prophylitic, pyrite rich alteration and haematitic alteration are alteration styles typically associated with epithermal porphyries.

Orion's exploration team, with the assistance of external consultants, is currently analysing available data to establish a model on which to base future exploration.

Steady Progress at the Fraser Range Ni-Cu-PGE + Gold Project

EM survey detected bedrock conductors...

...follow up work continues

Systematic exploration work continues at the Pennor Prospect and surrounds, following up mafic/ultramafic intrusions identified by earlier first-pass shallow drilling. The high powered moving loop ground EM survey conducted in late 2014 detected several bedrock conductors. These are being followed up by a fixed loop ground EM survey to confirm and refine channel anomalies. It must be stressed the area currently being explored represents only a very small part of the 5,000km^2 tenement area which is not only prospective for Ni-Cu-PGEs but also for gold.

Management Remains a Key to Success

The significant progress at the Company's two flagship operations is in no small measure due to the extensive experience and dedication of the Board and Management of Orion, both at the exploration operation level and the ability to raise sufficient capital to keep the wheels turning.

Still Early Days – Exploration Risk

Early exploration risk...

...partly mitigated by management & prospectivity

The Company is still at the early exploration stage and therefore faces the same risks as all exploration companies, namely 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 mentioned above, and the significant acreage and prospectivity in two separate projects, providing both can be managed simultaneously, which appears to be the case.

Update

Connors Arc Epithermal Project, Queensland

Location & Background

Orion Gold's Connors Arc Project is located 180km from Rockhampton in Central Queensland. A total of 2,000km^2 contiguous tenement applications have been granted or are under application.

Located in geological & structural setting similar to significant epithermal systems in Qld

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. Key prospects are spatially associated with a large, magmatic hydrothermal system. The geological and structural setting is in common with numerous epithermal and/or porphyry style systems. 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.

The district is showing important indicators analogous to features of the Lepanto Deposit, Philippines which has giant porphyry Au-Cu and epithermal deposits of high, intermediate and low sulphidation styles.

Aurora Flats – Geophysical Surveys

High res IP/resisitivity survey conducted in late 2014

The first phase of a geophysical survey across mapped epithermal veins was conducted at the Aurora Flats Prospect within Orion's 100% owned Connors Arc Epithermal Gold-Silver Project in October/November 2014. Initial results from the first two lines of the high resolution IP/resistivity survey were announced on the 21 November. One of the lines was located over historical drill hole AFRC001 which intersected 1m at 1.14g/t gold and 77 ppm silver.

First line detected two chargeability anomalies

Line 3A detected two significant chargeability anomalies – one down-dip of mapped quartz veining and the AFRC001 intersection and another to the east, vertically below mapped epithermal quartz veining and stockworks. The chargeabilty anomalies are strongest at depths of approximately 250-300m below surface, which, in epithermal systems, represents the top of the "critical zone" for metals deposition.

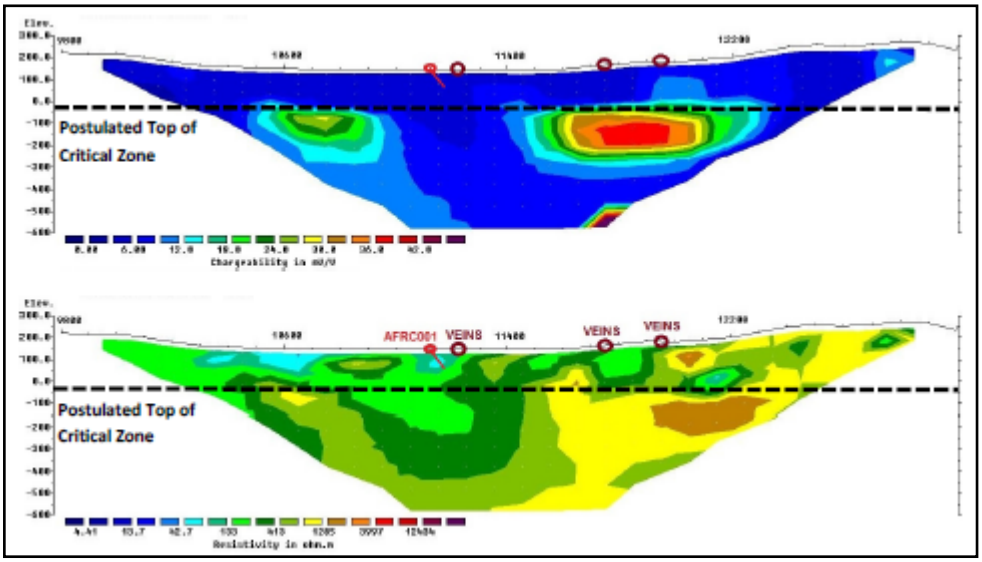

Figure 1: Chargeability (top) and Resistivity (bottom) for pseudosections from 3A

(Mapped epithermal veins are shown as red circles. Chargeability anomalies are classed as results > 20mv/v. Resistivity anomalies are classed as results > 1,000 ohm.m based on background resistivity values of 300-400 ohm.m)

Second line detected broad resistivity zone below surface veins

Line 2 detected a broad resistivity zone below the corridor of mapped epithermal veins. This is interpreted to represent the continuation of these veins at depth. The resistive zone appears to reach its strongest expression at depths below 200 metres. This correlates with modelling from field evidence based on vein textures, alteration and chemistry. Importantly, strong chargeability anomaly lies below this zone.

Results from third line (3) consistent with first line (3A)

Line 3 was surveyed 200m southwest of Line 3A with the aim of better defining the anomalies in Line 3A. Results from Line 3 are consistent with line 3A. Two significant resistivity and chargeability anomalies were detected – one down-dip of the mapped quartz veining and another to the east, again vertically below mapped steep to vertical epithermal quartz veining and stockworks.

Three discrete resistivity anomalies identified

Three discrete resistivity anomalies have been identified based on the inversion data; one correlates with mapped quartz veining in the centre of the IP line and the other two appear to correlate with chargeability anomalies. As quartz veins and stockworks are resistive in nature, the interpretation is that broader resistive features indicate substantial veining at depth.

Further resistivity anomaly in eastern area

Also of interest is the strong resistivity anomaly in the eastern part of lines 2 and 3 which has a correlating moderate level chargeability anomaly. Further modelling of geophysical data is being undertaken to assist with interpretation of these results. The large, deep seated chargeability anomalies are the subject of particular attention as these are commonly associated with porphyry style mineralisation.

Aurora Flats – Maiden Drilling Program

Maiden drilling program commenced in December 2014...

In mid-December 2014, a maiden drilling program commenced at the Aurora Flats Prospect. The purpose was to test a number of targets defined in the Company's exploration programs, including:

- Testing below significant outcrops of epithermal quartz veins (+100m strike, multiple swarms present);

- Testing below the previously mentioned historical shallow drilling that returned anomalous and encouraging geochemical results; and
- Testing the geophysical anomalies defined in the Company's high resolution IP/resistivity survey referred to above

Initial focus on single dip section midway along mapped vein trend

The first phase of drilling focused on a single dip section roughly midway along the ~4,500 metres of mapped vein trend. A fence line of intense drilling was undertaken to provide data as baseline orientation for geochemical and petrological trends within the system. Two further holes, located to the north (AFRCD012) and south (AFRCD003) of the orientation section, tested the veins at a vertical depth of more than 250 metres, which is below the top of the interpreted, potentially mineralised interval.

Multiple veins and stockwork zones intersected...

Initial drilling intersected multiple epithermal veins and stockwork zones, both below veins mapped at surface and also veins without a surface expression, across the entire 700m width of the vein swarm which was drilled. Vein orientation was predominantly sub-vertical, but stockwork zones and vein breccias with different orientations were also encountered. Veins in the higher elevation holes were narrow but became more robust and continuous at depth. Surrounding country rock is strongly altered, displaying silicified zones and prophylitic alteration, with pyrite in veins and as alteration replacement clots, and some zones of feint haematitic alteration, all of which are styles associated with porphyry deposits.

Drilling completed in early Feb 2015

On 4 February 2015, Orion announced that Phase 1 Drilling of the Connors Arc Epithermal Gold-Silver Project had been completed. A total of 14 RC percussion and diamond drill holes were completed for approximately 3,000m of drilling. Ten holes were drilled at the Aurora Flats prospect (including five deeper diamond drill holes) and four holes at the Veinglorious prospect (including two diamond drill holes). Heavy rains and minor flooding in January caused minor delays in the drilling program.

First hole assayed intersected 20m wide altered zone at 229m

The first hole assayed, AFRCD012, intersected a 20m wide highly altered zone with strong epithermal veining, vein breccia and quartz stockwork from 229m to 245m down-hole, approximately 200m below surface.

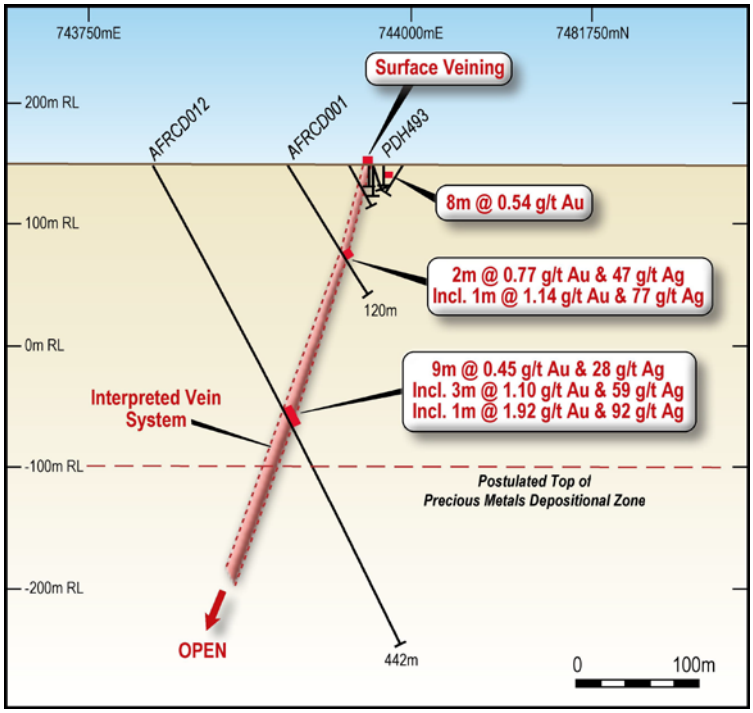

Figure 2 : Cross Section showing AFRCD012 and historical drilling

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Best intersection of 9m at 0.45g/t Au and 27.7g/t Ag

The zone returned intersections of 9m at 0.45g/t gold and 27.7g/t silver from 229m down-hole, including 3m at 1.10g/t gold and 59.0g/t silver from 235m and peak grades of 1.92g/t gold and 91.5g/t silver over 1.0m from 236m. Importantly, well developed epithermal veining provides a strong visual indicator. The inclusion of illite, adularia and accumulations of very fine-grained sulphides in veinlets and clusters exhibits mineralogy indicative of the uppermost reaches of the boiling zone in an epithermal system.

Aurora Flats – Field Mapping

Field mapping supports Company's belief that epithermal system is surface expression of large mineralised system

Concurrent with the geophysical program, field mapping has continued over the Connors Arc Project. Mapping has been carried out along a broad corridor of more than 20km. Assay results from rock chip samples, particularly high silver assays, continue to support the Company's belief that the epithermal system is the surface expression of an extensive system with a potentially high metal budget. Those rock chip samples with high silver content also contain elevated levels of tellurium, an important pathfinder element commonly found in epithermal, precious metal deposits. Elevated levels of barium and rubidium are also indicative of additional pathfinder minerals common in epithermal systems. Elevated levels of manganese, lead and zinc in the epithermal veins are diagnostic of an intermediate sulphidation system. The extent of veining is confirming that the system is large, with a number of veins and other stockwork exposures identified 20km northwest of the main Aurora Flats Prospect.

Aurora Flats – Second Phase of Drilling Commences

Based on initial success, second phase of drilling started in March 2015

Following the encouraging results from the Phase 1 drilling program at Aurora Flats Prospect, drilling resumed in early March 2015. The new phase of drilling will initially test the epithermal system down-dip and along strike from hole AFRCD012, based largely on the metal content and the epithermal textures seen within the vein and associated breccia.

Zone of veining to the north of Aurora Flats also to be tested

Drilling will also test a zone of veining to the north of the Aurora Flats prospect where AFRC002 intersected quartz veining and similar geochemistry to that observed in AFRC001. Based on the Company's hypothesis that metal content increases from south to north and the positive results from drilling below AFRC001, the Company considers the testing of the epithermal system down-dip from AFRC002 to be a high priority. Initial assay results from the drilling are anticipated to be received during April 2015.

Veinglorious – Initial Drilling

Encouraging results from shallow drilling

The shallow drilling at the Veinglorious Prospect, the second area to be tested, returned encouraging results from shallow drilling. Several shallow dipping epithermal veins were intersected, with a peak value of 1m at 1.08 g/t Au and 418 g/t Ag within 6m at 84g/t Ag. Other elevated silver and gold values are shown in Figure 3 below. Distribution of grades indicate shallow plunging shoots in the vein set; follow-up work will be required to predict the plunge and track potential higher grade shoots.

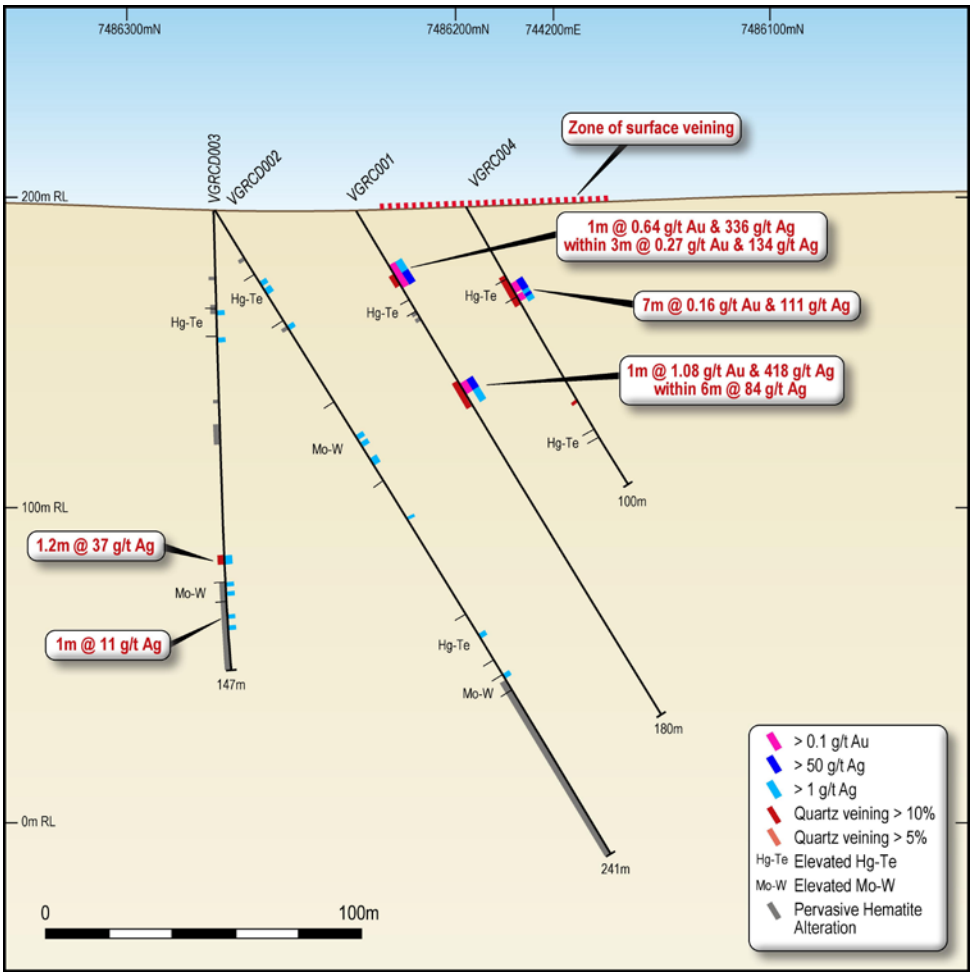

Figure 3: Cross Section showing drilling at Veinglorious. Note wide zones of haematite alteration intersected.

Pathfinder metals at elevated levels

The grades of several other key indicator metals are also highly elevated with peak values of 186ppm tellurium (Te), 2,520ppm tungsten (W) and 571ppm molybdenum (Mo). While these pathfinder metals are often found at elevated levels in epithermal systems, the values encountered at Veinglorious are considered as exceptionally high. Like Aurora Flats, elevated manganese values in the epithermal veins and a high silver-to-gold ratio (>100:1) are strongly indicative of an intermediate sulphidation system.

Drilling intercepted similar grades to surface grab samples

Another important consideration is that the drilling intersected similar grades to those recorded from surface grab sampling in October and November 2014. It had previously been considered that supergene enrichment may have played a role in the elevated metal values at surface; the drilling demonstrates that higher grade values exist below the level of oxidation.

Important Additional Target Identified

Wide zones of pervasive hematite alteration in volcanic host indicative of nearby porphyry intrusive

At least two of the deeper holes drilled at Veinglorious also encountered wide zones of pervasive hematite alteration in the volcanic host rocks. This indicates the potential for a porphyry intrusive body close to Veinglorious. This potential is underscored by the suite of indicator minerals, which although common in epithermal veins, are often encountered at highly elevated levels when located in close proximity to a porphyry deposit. Pervasive potassic alteration, not limited to just the epithermal veining, provides further evidence of the possible proximity to a porphyry intrusive.

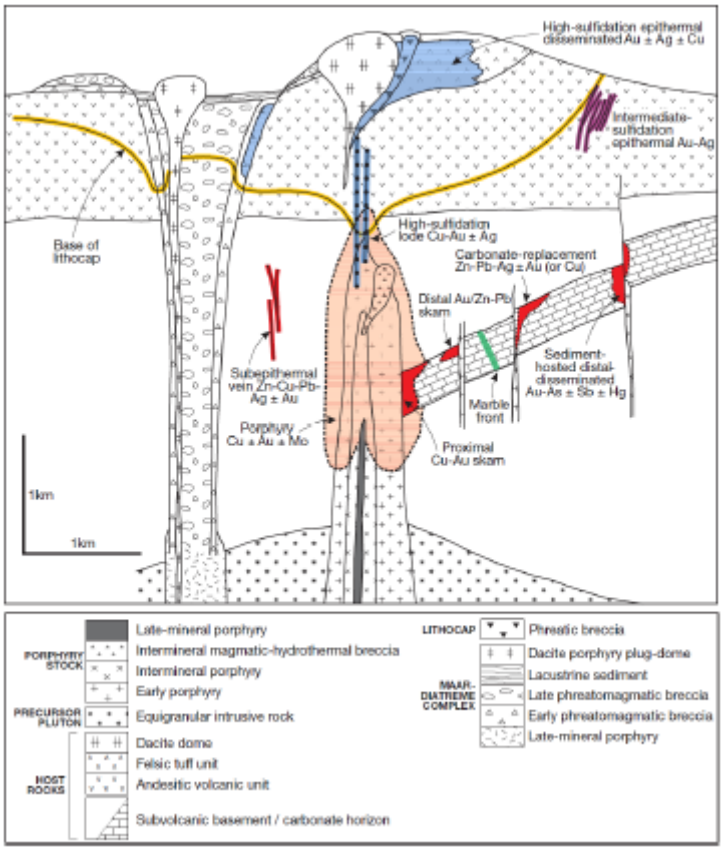

Figure 4: Classic depositional model of IS deposits illustrating the relationship to porphyry intrusive and common related mineralisation (Sillitoe 2010)

Orion's exploration approach to this exciting new porphyry-mineralisation potential is largely based on geological modelling and exploration techniques described by Halliday, J.R. and Cook, D.R, in their very informative paper 'Advances in Geological Models and Exploration Methods for Copper +/- Gold Porphyry Deposits' which appeared in "Proceedings of Exploration 07: Fifth Decennial International Conference on Mineral Exploration", 2007.

The approach can best be described in the conclusions of this paper:

Porphyry model to be used together with IP, downhole geochem, logging of lithological alteration in further analysis

"In newly discovered districts or brownfields settings, approaches such as early surface magnetic and sulphide mapping (IP) downhole magnetic and sulphide logging, comprehensive drill hole geochemistry (broad analytical suites, sulphur isotopes) and objective geological logging of a full range of lithological alteration and fracture information (including scanned data) will enable a much more efficient exploration of the system, guided by the porphyry model, than would result without this information." More rapid discovery rates are likely if the early acquisition and use of regional geophysics (particularly airborne magnetic and radiometrics) are integrated with geological interpretation.

It is very important to observe the results of the drilling in the context of Holliday and Cooke's model.

Veinglorious intersections...

The drilling at Veinglorious intersected wide zones of pyritic, epidote, albite propylitic alteration. The zones of hematite-epidote alteration indicate a fertile alkali Au-Cu system. Anomalous Au+Cu, within the hematite-altered zone with minor veining was intersected at depth.

Figure 5: Drill core from one of the deeper holes drilled at Veinglorious

...in the light of porphyry modelling

In the schematic section below, the alteration is described as 'reddened prophylitic halo hematite dusting of feldspars, negative S isotopes in sulphides, increasing magnetic susceptibility towards mineralisation, Zn-Pb anomalism'

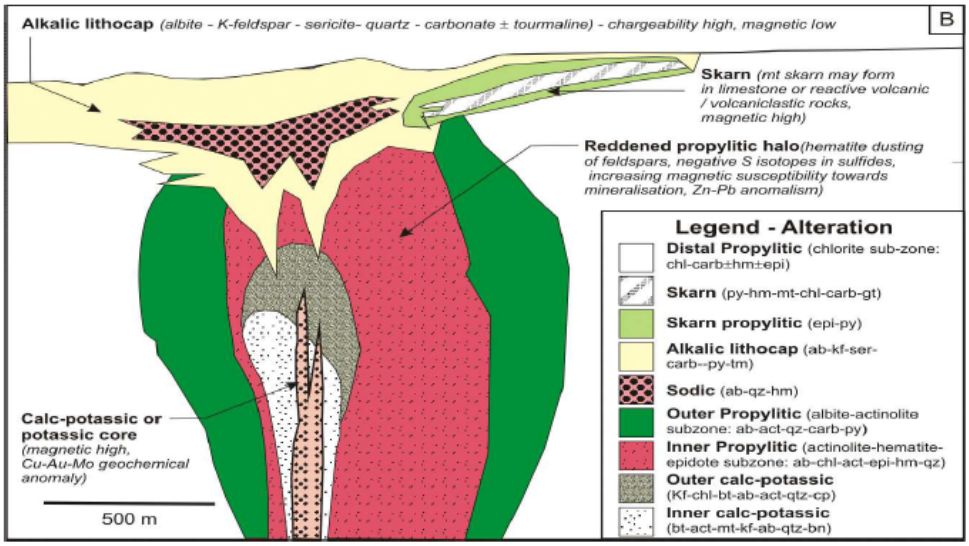

Figure 6: Schematic Section illustration of alteration zoning and overprinting relationships in an alkali porphyry system *(Holliday and Cooke)*

Holliday and Cooke also emphasise the importance of magnetics in the search for porphyry-style mineralisation. Of increasing importance is the use of forward modelling and inversion software to produce a predictive model from the initial data set.

Orion has modelled the IP chargeability anomalies and the magnetic inversion model is shown in Figure 7 below.

Magnetics plays a significant role in the search for porphyry mineralisation

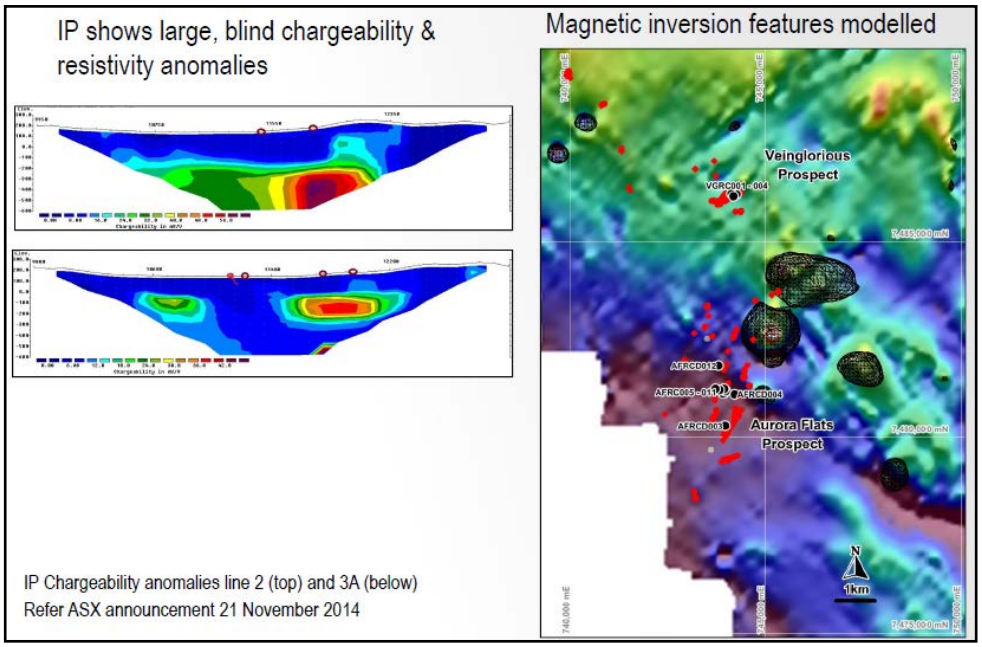

Figure 7: Modelling of magnetic inversion features

Further analysis of porphyry-style alteration in progress

Orion's exploration team is currently analysing the geochemical and Short Wave Infrared data to assess the depth of the epithermal vein system and the paragenesis and relationship of indicators that are relative to porphyry-style alteration.

Fraser Range Nickel-Copper & Gold Project

Location & Background

Fraser Range hosts recent Nova-Bollinger Ni-Cu-Co discovery...

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.

...with Tropicana Gold Mine in the Tropicana Belt

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.

Maiden drilling program identified mafic-ultramafic intrusives

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. A total of 23 Ni-Cu-PGE targets have been generated based on geophysical, geochemical and geological criteria. Detailed trace element geochemistry by the Company's consultants has confirmed that the mafic/ultramafic intrusive found in the project area have the essential ingredients of crustal contamination and have achieved sulphur saturation with droplets of Ni-Cu sulphides having segregated out of the melt.

These are essential factors in the formation of Ni-Cu massive sulphide deposits.

Geophysical Surveys

Substantial mafic intrusive identified at Pennor Prospect

Shallow, first-pass drilling at the Pennor Prospect successfully defined an extensive area spanning 1.8km^2 of anomalous nickel values within a substantial mafic intrusive body. A review of the geochemical data from the drilling indicated that the plumbing system of the intrusion and/or the basal areas of the magma chambers are the primary target for concentrations of nickel-copper bearing sulphides.

Moving loop ground EM...

A high powered moving loop ground EM survey was conducted in the December 2014 quarter. The EM survey was expected to provide an initial test for electrical responses from massive sulphide accumulations below the depths tested in the shallow drilling.

...detected discrete, late channel anomaly

The survey detected a discrete, late channel anomaly to the west of the HA2 magma chamber as well as a broad zone of anomalism (PEN8) between the Pennor and HA2 magma chambers. These anomalies are interpreted to be potential bedrock conductors, which will be further resolved with a follow up fixed loop EM survey. The EM anomalies may be associated with different geological settings based on interpretation in conjunction with other geophysical data (aeromagnetics and gravity). The discrete anomaly at PEN7 is associated with a magnetic and gravity high, whereas the anomaly in PEN8 extends into a broad, diffuse zone of anomalism surrounding the margin of the interpreted magma chamber.

...

Prospectivity of EM anomalies enhanced by proximity to ultramafics

The magnetic and gravity high hosting PEN7, and the western portion of PEN8, is interpreted as a prominent structural feature. The Company is considering the possibility that this feature represents a possible feeder channel between magma chambers. The prospectivity of the EM anomalies is further enhanced by their proximity to ultramafic intrusives which display cumulate textures. These cumulate textures are associated with nickel-copper deposits which are formed by the early crystallisation within the low level magma chambers and extensions into feeder zones linking to higher level chambers.

High powered fixed loop ground EM began early March 2015

A new geophysical survey began in early March 2015. A high-powered fixed-loop ground electromagnetic (EM) survey is being carried out to confirm and refine late channel anomalies detected in the previous high powered moving loop EM survey in an area where drilling has provided strong geological and geochemical indicators.

WA Government funding grant will assist exploration funding

In addition to the receipt of a R&D Tax Incentive rebate of $1.22m from the Australian Tax Office, the Company has two funding grants available under the Western Australian Government's Exploration Incentive Scheme whereby the Government will match direct drilling costs at the Peninsula Project dollar-for-dollar up to the amount of $0.15m per grant, to be used by 30 June 2015 and 31 December 2015 respectively.

Walhalla Gold & Polymetals Project, Victoria

Agreement with A1 Consolidated Gold Limited

A1 Consolidated to acquire Walhalla Project 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.

Breakaway's View

Two potentially game-changing projects...

...a discovery hole could ignite the share price

As we concluded in our initial report (November 2014), 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 a relatively short space of time. 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.

Orion making strong exploration headway in difficult times

Over the past three months, at a time when exploration for many of the small explorers has effectively ground to a halt, largely due to lack of funding, Orion has continued to make strong headway in progressing its exploration effort.

Maiden drilling program at Connors Arc has proved the existence of mineralised veins at depth

At the Connors Arc Epithermal Project in Queensland, very early stage concepts have been systematically and methodically followed up. While an economic grade intercept has so far eluded the Company, the maiden drilling program proved the existence of mineralised vein systems immediately below outcropping epithermal veins, and down-dip extensions of earlier concepts. Strong alteration of surrounding country rock, the presence of elevated levels of pathfinder minerals and a high silver:gold ratio all point to the presence of a significant epithermal system.

Epithermal vein systems also confirmed at Veinglorious Prospect...

... with exciting new potential for porphyry mineralisation

Furthermore, early exploration at the second prospect at Connors Arc called Veinglorious, has detected similar epithermal vein systems with similar characteristics to those at Aurora Flats. In addition, two of the deeper holes also encountered wide zones of pervasive hematite alteration in the volcanic host rocks. This indicates the potential for a porphyry intrusive body close to Veinglorious. This adds another exciting dimension to the exploration at Connors Arc – the Company has already embraced conceptual models and will deploy its disciplined, systematic approach to prove the concepts and potentially add a porphyry deposit to its discovery list.

Recent EM surveys interpreted as potential bedrock conductors

Earlier shallow exploration drilling at the Fraser Range Nickel-Copper-PGE Project, where Orion has accumulated a very substantial land holding, has confirmed the presence of mineralised Ni-Cu mafic-ultramafics, the requisite host rocks for nickel sulphide deposits and generated more than twenty targets. Some of the anomalies show a distinct similarity to the Nova discovery. More recently, an EM survey detected several anomalies interpreted by the Company as potential bedrock conductors. While it is still relatively early days, the potential not only for Ni-Cu-PGE mineralisation but also gold is enormous.

Board and management are critical to ongoing exploration success

We would again re-iterate the importance of Orion's Board and management, whose systematic, measured approach to exploration is already being rewarded with successful results. Management has also had the foresight to enlist 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.

Significant progress being made...

...Speculative Buy maintained

While the Company has made significant progress on the exploration front in a short period of time, there are obvious risks that the technical successes achieved to date will not be translated into commercial realities. However, for those investors with the appropriate risk appetite, Breakaway continues to believe that Orion, with a market capitalisation of only $11m, offers significant upside and recommends Orion as a **Speculative Buy**.

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

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