

12 April 2017

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

Ordinary Shares: 792M

Options: 180M

Directors:**Denis Waddell**
Chairman**Errol Smart**
Managing Director, CEO**Bill Oliver**
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Tembo Capital to Acquire Cornerstone Stake in Orion through Placement of up to \$4.8M to Advance African Zinc-Copper Projects

Leading private equity group also backs Orion's base metal development strategy via Strategic Alliance

Highlights:

- Tembo Capital has agreed to become a cornerstone investor in Orion (subject to satisfactory due diligence, approval of operating budget and Orion shareholder approval) via a share placement to acquire up to a 19.9% stake in Orion.
- The completion of the Placement will see Orion and Tembo enter into a strategic relationship under which Tembo will provide access to its strategic and financing networks.
- Orion agrees to procure that if it undertakes a rights issue in the 6 months following completion of the Placement, Tembo will be offered the opportunity to sub-underwrite the rights issue on standard market terms and conditions, subject to Tembo's agreement to the proposed pricing and terms.
- The proceeds of the Placement, and the new Strategic Relationship with Tembo, will underpin Orion's strategy to fast-track the redevelopment of the Prieska VMS zinc-copper mine in South Africa.
- Orion proposing to change its name to Orion Minerals NL to reflect its focus as an emerging base metal producer.

Orion Gold NL (ASX: ORN) (Orion or the Company) is pleased to advise that it has taken another important step in its base metal development strategy in South Africa after entering into a further agreement with Tembo Capital that will see the leading private equity group acquire a cornerstone stake in Orion and cement the proposed Strategic Relationship between the two groups.

Orion has entered into an agreement with Tembo Capital Mining Fund II LP for Tembo, through Ndovu Capital X BV (being the entity nominated by Tembo to receive shares under the Placement) (**Tembo**), to acquire up to a 19.9% holding in Orion's issued ordinary shares (**Shares**) through the placement of Shares to raise up to approximately \$4.7 million at an issue price of 2.4 cents per Share (**Placement**). The agreement also sets out the terms of Orion's agreed strategic relationship with Tembo (**Placement Agreement**).

Orion announced on 10 March 2017 that it had reached agreement with Tembo to become a strategic investor in the Company.

The execution of the Placement Agreement follows Tembo's initial \$3 million investment in Orion by way of a Convertible Notes issue. On 17 March 2017, the Company announced that it had issued 232,692,294 Convertible Notes each with a face value of 2.6 cents per Convertible Note, raising \$6.05 million.

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

Tembo must inform the Company as to whether it wishes to proceed with the Placement by no later than 10 May 2017 (**Due Diligence Date**). Irrespective of the take-up by Tembo under the Placement Agreement, Orion may also seek to place Shares to sophisticated and professional investors at the same price of 2.4 cents Share, such that the total amount raised (including any amount subscribed to by Tembo under the Placement Agreement) will be up to \$4.8 million through the issue of up to 200,000,000 Shares.

Use of Funds

The Placement funds will be used to advance the Company's advanced volcanogenic massive sulphide (**VMS**) zinc-copper projects in South Africa and for general working capital purposes.

Following the completion of the acquisition of Agama Exploration & Mining (Pty) Ltd, Orion now holds an effective 73.33% interest in the Prospecting Rights over the historical Prieska Zinc-Copper Mine, located at Copperton in the Northern Cape Province of South Africa, as well as the nearby Marydale Gold-Copper Project.

The key terms of the Placement Agreement are set out below:

- (a) **Conditions precedent:** completion of the Placement is conditional on the satisfaction or waiver of the following conditions precedent:
 - (i) the Tembo board being satisfied with its due diligence investigations on the Company by the Due Diligence Date;
 - (ii) Orion obtaining prior shareholder approval for the Placement under ASX Listing Rule 7.1. The Company has convened a meeting of its shareholders to seek shareholder approval on 17 May 2017; and
 - (iii) Tembo being satisfied with the Company's operating budget and financing plan (in its absolute discretion).
- (b) **Obligation to subscribe:** subject to being satisfied with the results of its due diligence, Tembo will notify Orion whether it wishes to proceed with the Placement by no later than the Due Diligence Date, and will have the right to nominate the number of Shares to be placed to it, subject to that number being not greater than 197,491,668 Shares, being such number that would give Tembo a 19.9% stake in the issued capital of Orion.
- (c) **Issue price:** the issue price under the Placement is 2.4 cents per Share.
- (d) **Royalty:** If Orion resolves to raise capital through a royalty, metals streaming or similar arrangement to monetise future production in respect of any of its mining projects, the Company will negotiate in good faith with Tembo to enable it to enter into an agreement, arrangement or understanding on materially the same terms as the terms offered to any third party and give Tembo a reasonable period for Tembo to accept the offer.

Upon completion of the Placement, consistent with its position as a significant shareholder in Orion, Tembo will have the right to appoint one non-executive director to the Company's Board for so long as it holds at least 12.5% of Orion's issued Shares (subject to the provisions of the Corporations Act, the ASX Listing Rules and the Company's Constitution).

The Placement Agreement also contains warranties and events of default considered to be standard for an agreement of this nature.

Strategic Relationship

The Placement Agreement also sets out the key terms of the strategic relationship between Orion and Tembo Capital. Following the completion of the Placement:

- Orion will have access to Tembo's strategic and financing networks within emerging markets, which access will cease on Tembo ceasing to hold at least 12.5% of Orion's issued Shares;
- Tembo will have access to certain information about Orion and its assets, subject to Orion's confidentiality and disclosure obligations, which access will cease on Tembo ceasing to hold at least 12.5% of Orion's issued Shares;
- subject to ASX granting a waiver from Listing Rule 6.18 and for so long as Tembo holds at least 12.5% of Orion's issued Shares, Tembo will be granted an anti-dilution right to maintain its percentage holding in Orion if Orion conducts an equity capital raising by way of the issue of equity securities;
- Orion will use best endeavours to undertake a rights issue to raise additional equity as soon as reasonably practicable. If Orion undertakes a rights issue in the 6 months following completion of the Placement, it must procure that (subject to pricing and structure) Tembo is offered the opportunity to participate in the sub-underwriting of the rights issue on standard market terms and conditions and Tembo agrees to consider the offer; and
- for so long as Tembo holds at least 12.5% of the issued Shares, Orion agrees to procure that the Board consults with Tembo in respect of any proposed changes to its key management personnel, provided that any Executive Director must not participate in any discussions in relation to him or her.

Change of Name

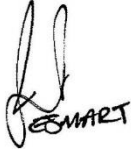
Consistent with Orion embarking on a base metal development strategy after completing acquisition of its world-class VMS Zinc-Copper Project in South Africa, the Board is recommending a change of company name to Orion Minerals NL.

Shareholder's Meeting

The Company has called a meeting of its shareholders for 17 May 2017, to seek approval for amongst other items, the Placement and the change of name.

About Tembo

Tembo is a private equity group targeting junior and mid-tier mining investment opportunities in developing countries. Tembo has technical and financial experience with in-house expertise in the fields of geology, mine engineering, metallurgy, mining finance and private equity. This experience, coupled with a strong network of relationships in the mining industry, enables Tembo to add long-term value to its investments through technical input, strategic guidance, financial structuring advice and industry introductions. Tembo aims to work collaboratively with its investee companies through a long term partnership-type approach.



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About Orion

Orion Gold is focused on acquiring, exploring and developing large tenement holdings or regional scale mineral opportunities in world-class mineral provinces. The Company has acquired quality projects in such mineral provinces.

Orion has recently acquired an effective 73.33% interest in a portfolio of projects including an advanced volcanic massive sulphide zinc-copper exploration project with near-term production potential at the Prieska Zinc-Copper Project, located near Copperton in the Northern Cape province of South Africa, and the Marydale Prospecting Right, a virgin gold discovery of possible epithermal origin, located 60 km from the Prieska Zinc-Copper Project. (refer ASX release 30 March 2017).

In addition to the Prieska Zinc-Copper Project and Marydale Gold Project, the Company has entered into options and earn-in rights agreements over a combined area of 1606km² in the highly prospective Areachap belt, North Cape Province of South Africa (Figure 1). This has secured an outstanding growth and diversification opportunity for the Company. Agreements entered into include:

- An earn in right to ultimately earn a 73% interest in a 980km² prospecting right area located approximately 80 km north of the Prieska copper Project. The project area contains several VMS and VHMS zinc and copper targets including the advanced stage Kantienpan zinc – copper project. (refer ASX releases 31 May 2016 and 29 April 2016).
- An earn in right to ultimately earn an 80% interest, via a South African registered special purpose vehicle which will be 74% owned by Orion, to prospecting and mining right applications covering a combined and partially overlapping area of 626km². The mineral rights areas include an advanced stage ultramafic hosted nickel – copper project, analogous to the geology of the Fraser Range, Western Australia. Several VMS and VHMS copper-zinc targets are also located within this mineral rights package. (refer ASX release 14 July 2016).

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

The Company also has joint ventures over its Fraser Range Project, which are funded to the completion of pre-feasibility by Independence Group NL (ASX: IGO). The Fraser Range Project consists of a substantial tenement holding in the Albany-Fraser Belt, which hosts Australia's two most significant discoveries of the last decade (the Tropicana Gold Deposit and the Nova Nickel-Copper-Cobalt Deposit). (refer ASX release 10 March 2017).

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

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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