

17 May 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**
Technical Director**Alexander Haller**
Non-Executive Director**Management:****Martin Bouwmeester**
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ASX Waiver Granted

ASX grants Orion a waiver from listing rule 6.18 to enable the Company to provide an anti-dilution right to Tembo should the placement to Tembo proceed.

Orion Gold NL (ASX: ORN) (Company) announced on 12 April 2017 that it had entered into a placement agreement with Tembo Capital Mining Fund II LP (**Tembo**) for Tembo (through its nominee Ndovu Capital X BV (**Ndovu**)) to acquire up to a 19.9% holding in the Company, subject to various conditions including due diligence and shareholder approval. A general meeting of the Company will be held today to seek shareholder approval for the placement to Ndovu (and other matters).

The agreement contemplates the establishment of a strategic relationship between Tembo and the Company. Among other things, subject to completion of the placement and ASX granting a waiver from ASX Listing Rule 6.18, the Company would grant Ndovu an anti-dilution right to maintain its percentage holding in the Company if the Company conducts an equity capital raising in the future by way of the issue of equity securities.

The Company is pleased to announce that the ASX has granted a waiver from ASX Listing Rule 6.18 to enable the Company to grant the anti-dilution right. The terms of the waiver are set out in the Attachment to this announcement.

It should be noted that the anti-dilution right will only be granted if the placement completes. As announced by the Company on 9 May 2017, Tembo is currently conducting due diligence and will advise the Company whether it wishes to proceed with the placement, and if so, the number of shares it wishes to take up subject to the 19.9% limit, by no later than 31 May 2017.

Errol Smart
Managing Director and CEO

Company Enquiries:

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Attachment – terms of ASX waiver

Based solely on the information provided, ASX Limited (“ASX”) grants Orion Gold NL (the “Company”) a waiver from listing rule 6.18 to the extent necessary to permit Ndovu Capital X BV and entities within its group of affiliates that are under common control (“Ndovu”) to maintain, by way of a right to participate in any issue of shares or to subscribe for shares, its percentage relevant interest in the issued share capital of the Company (the “Top-Up Right”) in respect of a diluting event on the following conditions:

1.1. The Top-Up Right lapses on the earlier of:

1.1.1. the date on which Ndovu ceases to hold in aggregate at least a 12.5% relevant interest in the Company for more than 30 consecutive days (other than as a result of shares (or equity securities) to which the Top-Up Right applies and in respect of which Ndovu is still entitled to exercise, or has exercised, the Top-Up Right);

*1.1.2. Ndovu’s relevant interest in the Company exceeds 25% for more than 30 consecutive days;
or*

1.1.3. the strategic relationship between the Company and Ndovu ceasing or changing in such a way that it effectively ceases.

1.2. The Top-Up Right may only be transferred to an entity within Ndovu’s group of affiliates that are under common control.

1.3. Any securities issued under the Top-Up Right must be issued to Ndovu for cash consideration that is:

1.3.1. no more favourable than cash consideration paid by third parties (in the case of issues of securities to third parties for cash consideration); or

1.3.2. equivalent in value to non-cash consideration offered by third parties (in the case of issues of securities to third parties for non-cash consideration).

1.4. The number of securities that may be issued to Ndovu under the Top-Up Right in the case of any diluting event must not be greater than the number required in order for Ndovu to maintain its percentage holding in the issued share capital of the Company immediately before that diluting event.

1.5. The Company discloses a summary of the Top-Up Right to persons who may subscribe for securities under a prospectus, and undertakes to include in each annual report a summary of the Top-Up Right.

1.6. The Company immediately releases to the market an announcement which sets out the terms of the waiver.

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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