

28 April 2017

**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**

CFO & Company Secretary

Suite 2

64 Thomas Street

West Perth WA 6005

ABN 76 098 939 274

T: +61 8 9485 2685

E: info@oriongold.com.au

QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 31 MARCH 2017

HIGHLIGHTS

- Completed acquisition of a world class VMS zinc-copper project in South Africa following finalisation of Convertible Note issue.
 - Option exercised to acquire a 100% interest in Agama, which holds an effective 73.33% in Prospecting Rights over the historic Prieska Copper Mine, located at Copperton, Northern Cape province, South Africa and the Marydale Gold-Copper Project.
 - Historical Prieska Copper Mine is recorded as one of world's 30 largest VMS base metal deposits with recorded historical production of 0.43Mt of copper and 1Mt of zinc from 46.8Mt of sulphide ore milled⁽¹⁾. Unmined dip and strike potential is confirmed by extensive drilling and geophysics.
 - Funding secured via the issue of convertible notes to the value of \$6.05 million including a subscription for \$3 million by Tembo Capital.
 - Tembo Capital has also agreed to become a cornerstone investor in Orion (subject to satisfactory due diligence and Orion shareholder approval) via a share placement to acquire up to a 19.9% (\$4.7 million) shareholding in Orion.
 - Subject to completion of the placement to Tembo Capital, it is proposed that Orion will enter into a strategic relationship under which Tembo Capital will provide access to its strategic and financing networks.
- Drilling continues at the Prieska Zinc-Copper Project, South Africa:
 - Drilling continues to intersect massive sulphides at the +105 Level Target, with results including.
 - 20m at 8.58% Zn, 2.21% Cu & 0.3g/t Au from 48m (OCOR023) including 17m at 9.98% Zn and 2.01% Cu.
 - 42m at 4.41% Zn, 2.36% Cu & 0.42g/t Au from 55m (OCOR027) including 5m at 9.28% Cu from 55m, 6m at 12.4% Zn from 75m.
 - 29.4m at 3.06% Zn + 1.52% Cu, 0.36g/t Au and 9.0g/t Ag from 112.6m (equivalent to 60m below surface; OCOD036).
 - 5.2m at 4.95% Zn, 1.42% Cu and 0.38g/t Au from 147.53m (equivalent to 70m below surface; OCOD037).
- Maiden Mineral Resource substantially advanced during the Quarter, along with other studies such as metallurgical testing which will be used as inputs into a Pre Feasibility Study in the June 2017 Quarter.
- Exploration to date only represents initial phase of unlocking the potential of the Areachap Belt:
 - Orion has rights over a total of 1,790km² of prospective tenure in the Areachap Belt.
 - The belt is prospective for VMS, VHMS, SEDEX and mafic intrusive hosted base metal mineralisation, as well as lithium and rare earth element bearing pegmatites.

(1) Source: Mine records.

Areachap Copper-Zinc and Gold-Projects (South Africa)

During the Quarter, Orion completed the acquisition of Agama Exploration and Mining (Pty) Ltd (**Agama**), resulting in the ownership of 73.33% of the Prieska Copper Mine Zinc-Copper (**PC**) Project and the Marydale Gold-Copper Project (Figure 1). The Company also continued an intensive drilling campaign across its highly prospective South African projects with drilling restarting early in January 2017 at the PC Project, Marydale Project and the Kantienpan Zinc-Copper Deposit. In addition, work intensified on modelling the maiden Mineral Resource at the PC Project, and other key studies which will be used as the basis of a Pre-Feasibility Study which the Company aims to complete by late 2017.

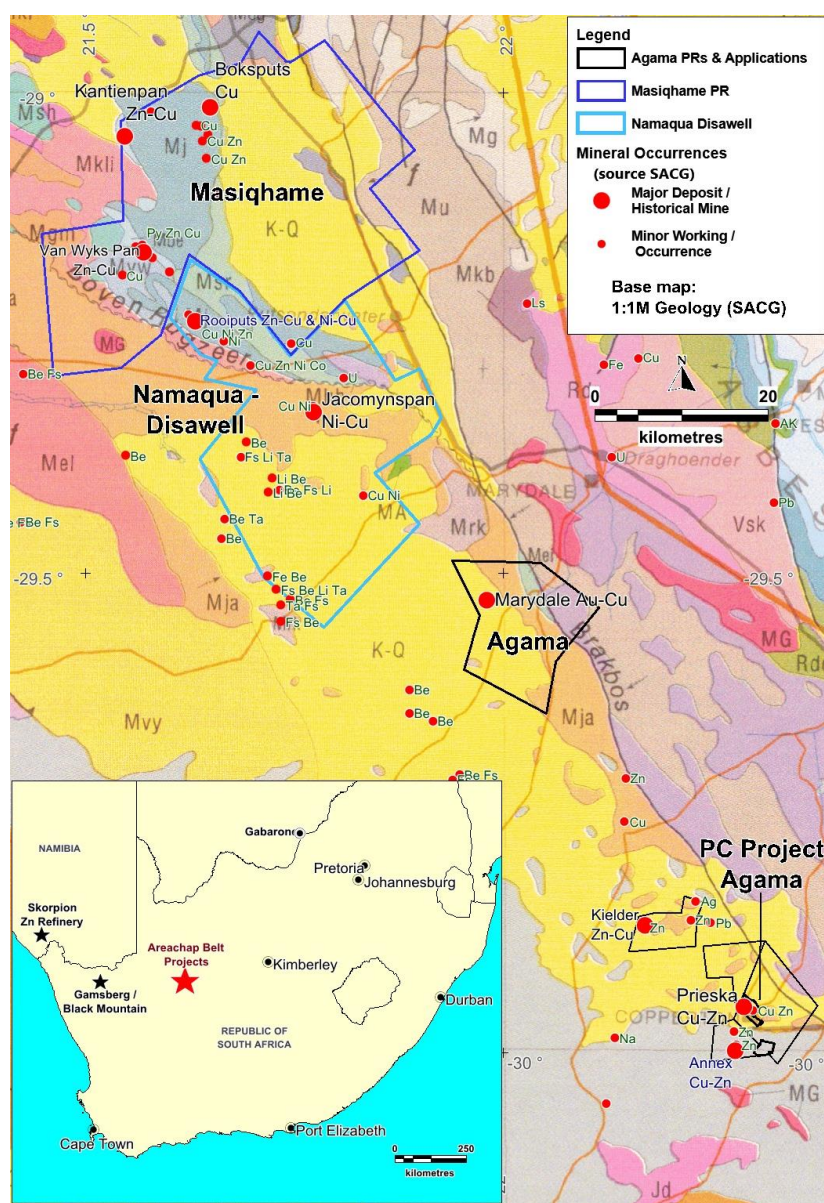


Figure 1: Regional geology map of the Areachap Belt showing prospecting rights owned by Orion and currently under option to Orion and noted mineral occurrences as per published data from South African Council for Geoscience.

Prieska Zinc-Copper Project

The PC Project covers unmined dip and strike extensions from historical underground mining, with the mineralisation having previously been delineated by extensive drilling and geophysics. As a result of the completion of the Agama transaction during the Quarter, the Company now owns 73.33% of the PC Project. Further details of the terms and conditions of the acquisition of Agama are detailed in the Corporate section below.

The current drilling program is designed to confirm, in-fill and extend the historical drilling at the +105 Level Target, where it is targeting mineralisation that would be amenable to extraction via open pit mining (Figure 2).

As at the end of the Quarter, 17 RC holes and 11 diamond core holes for 2,769m had been completed with 2 holes in progress at the date of this report. Significant intersections received to date include:

- 22m at 10.8% Zn, 1.38% Cu and 0.3g/t Au from 57m, including:
7m at 17.8% Zn and 1.41% Cu (OCOR016);
- 20m at 8.58% Zn, 2.21% Cu and 0.3g/t Au from 48m, including:
17m at 9.98% Zn and 2.01% Cu (OCOR023);
- 42m at 4.41% Zn, 2.36% Cu and 0.42g/t Au from 55m, including:
5m at 9.28% Cu from 55m and 6m at 12.4% Zn from 75m (OCOR027);
- 9.3m at 4.0% Zn, 1.4% Cu, 0.13g/t Au and 9.0g/t Ag from 170m (OCOD033);
- 29.4m at 3.06% Zn + 1.52% Cu, 0.36g/t Au and 9.0g/t Ag from 112.6m, including:
8.5m at 4.33% Zn + 2.17% Cu from 115m and 3m at 7.13% Zn from 139m (OCOD036);
- 12m at 4.14% Cu, 1.89% Zn and 0.29g/t Au from 57m, including:
3m at 7.4% Cu and 4.34% Zn (OCOR017);
- 20.6m at 1.36% Zn, 0.63% Cu, and 0.1g/t Au from 156.1m, including:
2.6m at 5.2% Zn (OCOD035); and
- 5.2m at 4.95% Zn, 1.42% Cu and 0.38g/t Au from 147.53m (OCOD037).

(refer ASX releases 25 July 2016, 22 August 2016, 14 September 2016, 2 November 2016, 7 December 2016, 16 December 2016 and 7 February 2017)

Drilling during the Quarter focused on diamond core drilling to test the supergene and primary sulphide zone immediately up-dip of historical stoping, where geotechnical conditions prevent access for RC drilling (Figure 2).

Diamond core drilling at the +105 Level Target is utilising an innovative shallow drilling method to drill holes to test mineralisation up-dip of historical underground mining. By drilling from surface utilising inclinations of between 15 and 30 degrees from the horizontal, the holes can be manipulated to intersect the mineralisation at an optimal angle.

While these intersections lie between 50m and 70m vertically from surface they are usually greater than 150m downhole as the drill hole is sited in a readily accessible area away from historical stoping.



Modelling of the mineralised zone intersected in drilling to date was substantially advanced during the Quarter. Estimation of Mineral Resources compliant with the JORC Code is anticipated to be completed during the June 2017 Quarter with these resource estimates to be fed, along with inputs from other studies including metallurgical testwork, into pre-feasibility studies with a target completion date of late 2017.

A key aspect of these studies will now be completed given the Company has received permission to access the underground workings at the PC Project from the Department of Mineral Resources. The regulatory permission to access via the decline roadway allows Orion to confirm that the access is safe and then to conduct a detailed assessment of the state of the underground workings and the concrete lined shaft at the PC Project. This work is aimed at completing engineering and cost studies for inclusion into the various studies.

Work on the underground access reestablishment and opening of the decline portal commenced following the completion of the acquisition.

Site work at PC Project is now gearing up to fast track the resource drill-out for the down-dip extensions. Hall Drilling has been appointed to execute a drilling program to test the core of the syncline and is currently mobilising 2 percussion pilot drilling rigs plus 6 diamond rigs to site.

Permanent offices and a fully serviced drillers' camp have been established at site and core yard expansion is under way to accommodate a large scale drilling program.

Background on Prieska Copper – a world-class VMS development asset⁽¹⁾

Prieska Copper Mines Limited, then a subsidiary of Anglovaal Limited, operated the mine between 1971 and 1991, producing over 430,000 tonnes of copper and more than 1 million tonnes of zinc from an underground operation based on an initial drilled reserve⁽²⁾ of 47Mt grading 1.74% copper, 3.87% zinc, 8g/t silver, 0.4g/t gold and 30% pyrite. Mining ceased in 1989, with milling ceasing in 1991.

The project is located 270km south-west of Kimberley (the regional capital) in the Northern Cape province. Importantly, the project has access to significant local and regional infrastructure, with mine infrastructure including a regional power grid feed, bitumen access roads, access to a bulk, treated water supply and a 1,900m landing strip. Several large commercial wind and solar power generation projects are operational in the surrounding area and the mine is located just 48km from a railway siding at Groveput.

The underground development and regional infrastructure and services in place at the mine are estimated by Orion to have significant replacement value, which will assist in the feasibility and economics of any potential redevelopment of the mine.

As part of its due diligence process, Orion has digitally captured, validated and modelled all available project drilling data from hard-copy sources. (refer ASX release 18 November 2015). As a result of this work, 182 drill intersections can be relied on for width and depth of mineralisation, while 88 boreholes provide information on grade of mineralisation (Figure 3 and Table 1). While the data has shortcomings due to loss of some historic records, which prevent estimation of JORC 2012 compliant resources, the Company is encouraged by the assessment by its Competent Person that limited infill and confirmatory drilling may be sufficient to establish JORC 2012 compliant resource estimates. The historic data and mine records also provide important information for preliminary mine design and selection of mining methods to advance scoping studies.

(1) Source of information in this section: Mine records.

(2) Note – this is not a JORC Compliant figure, source Prieska Copper Mines Ltd Annual Report 1970.

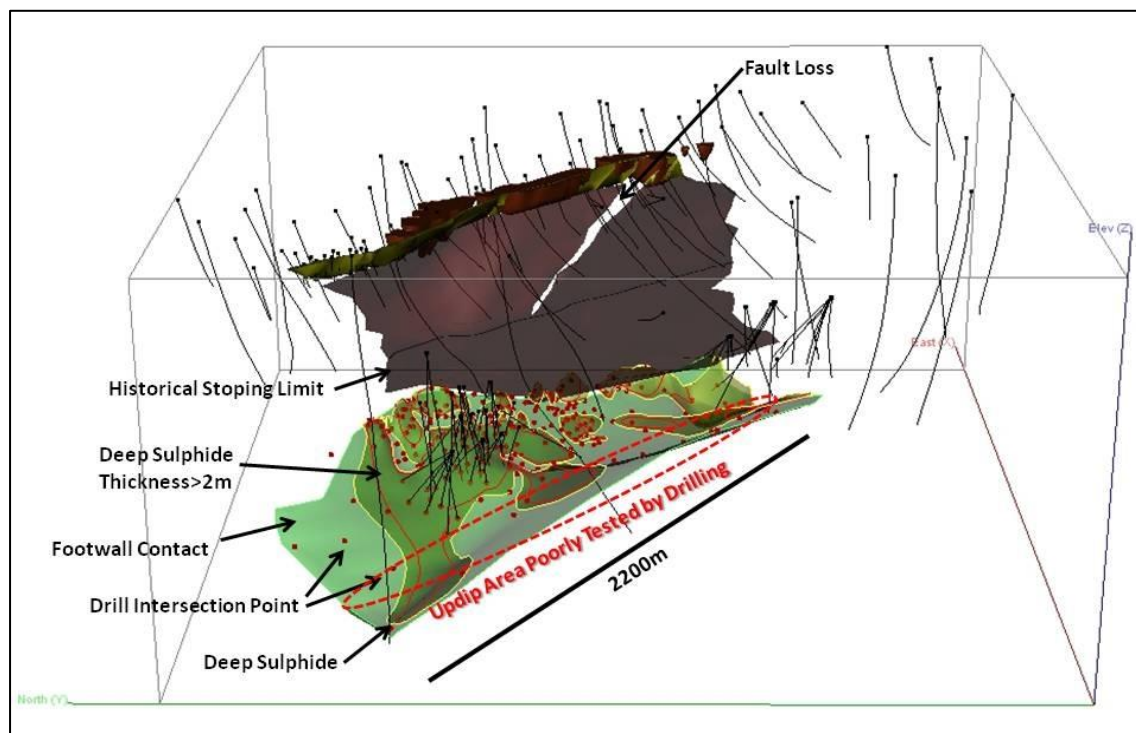


Figure 3: Three dimensional view of drilling and 3D mineralisation model for the PC Project.

Area	Item	Arithmetic Mean Value	Weighted Mean	Max Value	Count
NW Trough	Cu%	1.59	1.49	4.29	42
	Zn%	4.19	4.12	6.52	42
	SG	3.54	3.65	N/A	17
	Thickness	7.71	N/A	N/A	75
NW Hinge	Cu%	1.52	1.27	3.13	4
	Zn%	3.73	3.81	4.27	4
	SG	3.41	3.41	N/A	4
	Thickness	5.76	N/A	N/A	39
SE Trough	Cu%	1.34	1.38	2.76	28
	Zn%	5.58	5.54	7.68	28
	SG	3.64	3.62	N/A	24
	Thickness	4.97	N/A	N/A	36
SE Hinge	Cu%	1.63	1.75	2.69	12
	Zn%	6.94	7.04	12.62	12
	SG	3.77	3.77	N/A	2
	Thickness	10.12	N/A	N/A	14
Central Trough Area	Cu%	0.40	0.40	0.41	2
	Zn%	5.91	5.39	8.29	2
	SG	3.18	3.19	N/A	2
	Thickness	5.77	N/A	N/A	18
Whole Area	Cu%	1.48	1.50	4.29	88
	Zn%	5.03	4.90	12.62	88
	SG	3.57	3.62	N/A	49
	True Thickness	6.74	N/A	N/A	182

Notes

Cu%, Zn% and SG "arithmetic mean values" are arithmetic mean of stretch values.
 "Weighted means" are individual intersections (stretch values) weighted by true thickness.
 Cu% and Zn% "max values" are maximum of stretch values.
 Thickness mean values are arithmetic mean of true thickness values.

Table 1: Summary of drill hole intersections available for the PC Project.

During the Quarter, the Company completed 4 holes for 1,464m testing a semi-continuous, arcuate chargeability anomaly extending some 1.7km from the previously drilled NW Quadrant area, which was mapped by the Company's high-powered 3D induced polarisation (IP) survey (Figure 4, ASX release 23 November 2016). The anomalies correlate to an arcuate shear zone observable in ground magnetic data leading to the hypothesis that the gold-copper mineralisation has been re-mobilised from a volcanogenic sulphide source during deformation and concentrated within and adjacent to the shear zone.

Results have been reported from OWCD034, the first drill hole to directly test the IP anomaly with low-level anomalism detected over an interval of 17m, including best results of 2m at 0.15g/t Au and 0.14% Cu from 118m, and 0.6m at 0.2g/t Au and 0.16% Cu from 133m (refer ASX release 7 December 2016).

Subsequent drilling tested the deeper, stronger IP anomaly below OWCD034 (as vertical zonation is anticipated in mineralisation) with drilling also completed below mineralisation intersected in the NW Quadrant (OWCD037, Figure 4). Final results are awaited as at the date of this report with re-interpretation of the IP data also underway based on the geological observations from the drilling.

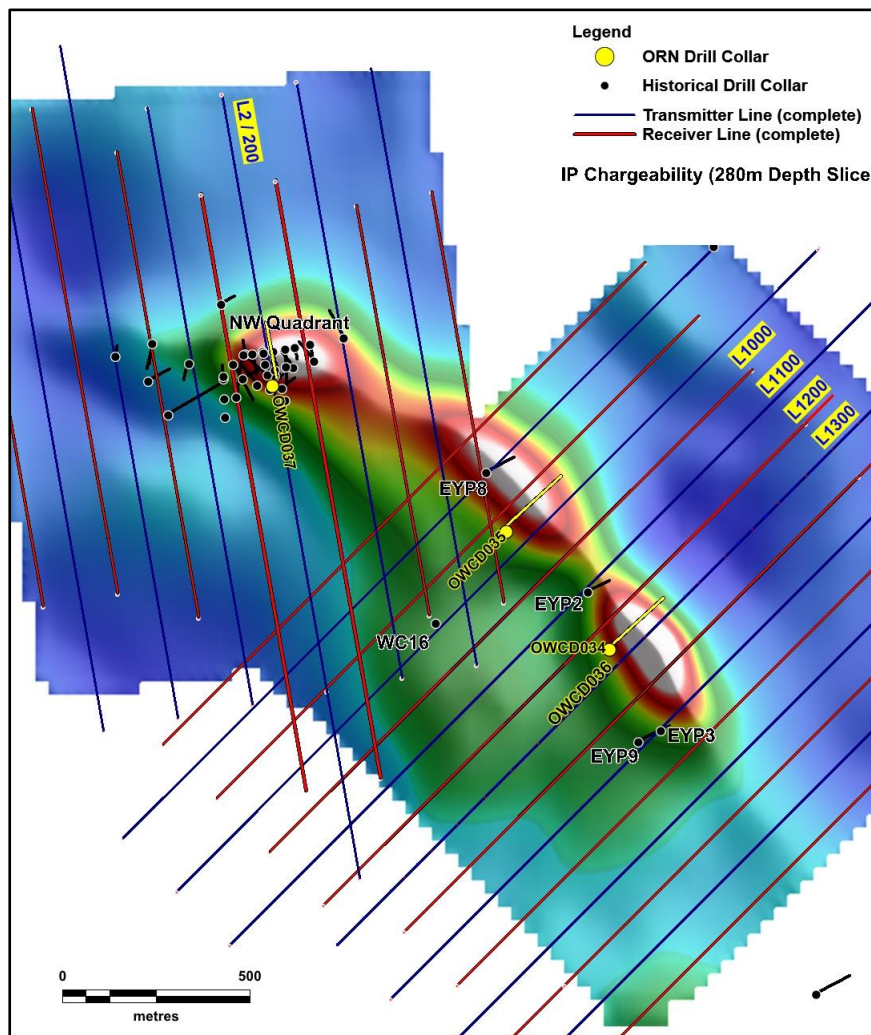


Figure 4:
Depth slice of IP response
(chargeability)
280m below surface.

Note features detected 300m
below surface away from NW
Quadrant.

Kantienpan Zinc-Copper Deposit (Masiqhame)

The Kantienpan Deposit lies within a substantial prospecting right owned by Masiqhame Trading 855 Pty Ltd (**Masiqhame**). Orion has completed work and exercised its option to acquire a 50% interest (subject to regulatory approval) and under the option agreement can earn up to a 73% interest (refer ASX release 29 September 2016, Figure 1).

During the Quarter, the Company completed drill hole OKND018B for 454m as a further test of the KN1 conductor, a strong, late channel conductor detected in Orion's high power fixed loop ground electromagnetic surveys (**HP_FLEM**) completed in 2016 (refer ASX release 4 October 2016).

Drilling reported previously confirmed that the KN1 conductor is a result of massive and disseminated sulphide mineralisation. Assays from drilling were received earlier in the Quarter and include the following significant results:

- 2.05m at 9.93% Zn + 0.09% Cu from 404.87m (OKND016);
- 3.55m at 2.13% Zn + 0.35% Cu from 409.75m (OKND016); and
- 1.91m at 4.35% Zn + 0.32% Cu from 404.12m (OKND017).

(refer ASX release 25 January 2017)

The significant intersections in OKND016 occur within a broader zone of mineralisation of 21.47m at 1.72% Zn + 0.24% Cu.

Down-hole electro-magnetic (**EM**) surveys completed on both OKND016 and OKND017 enabled the model of the KN1 conductor to be refined. The survey indicates that the strongest response is located between, and slightly deeper (down-dip on the horizon) than the zone of massive and disseminated sulphides intersected in these holes. Hole OKND018B intersected a zone of sulphides but the relationship to the EM target is not currently clear. Assay data is awaited and it is anticipated further EM surveys will be required. Fieldwork at Kantienpan is currently reduced while drill results and geophysical data are being interpreted. Consequently, the field team is temporarily assisting with the establishment of the deep drilling program at the PC Project.

Jacomynspan Nickel-Copper-PGE Project (Namaqua- Disawell)

During the Quarter, the Company continued an extensive compilation and review process of data relating to the Namaqua – Disawell Tenure (Figure 1). A substantial amount of pre-digital data exists from exploration pre 2000 by (amongst others) Anglo American Prospecting Services (**AAPS**), Phelps Dodge, Anglovaal and Iscor (now Kumba). Data being reviewed is predominantly from areas within the project away from the Jacomynspan Deposit (e.g. the Rooiputs and Rokoptel Prospects; Figure 5) and includes geophysical surveys such as IP and gravity as well as shallow historical drilling.

The Jacomynspan Project area contains numerous known occurrences of VHMS style zinc-copper deposits and is highly prospective for magmatic hosted nickel-copper mineralisation similar to that seen in Proterozoic mobile belts worldwide including the Thompsons Belt in Canada and the Albany-Fraser Belt in Western Australia. A number of mafic-ultramafic intrusions have been recognised within the project area, with most historical work focusing on the Jacomynspan Deposit (Figure 1).

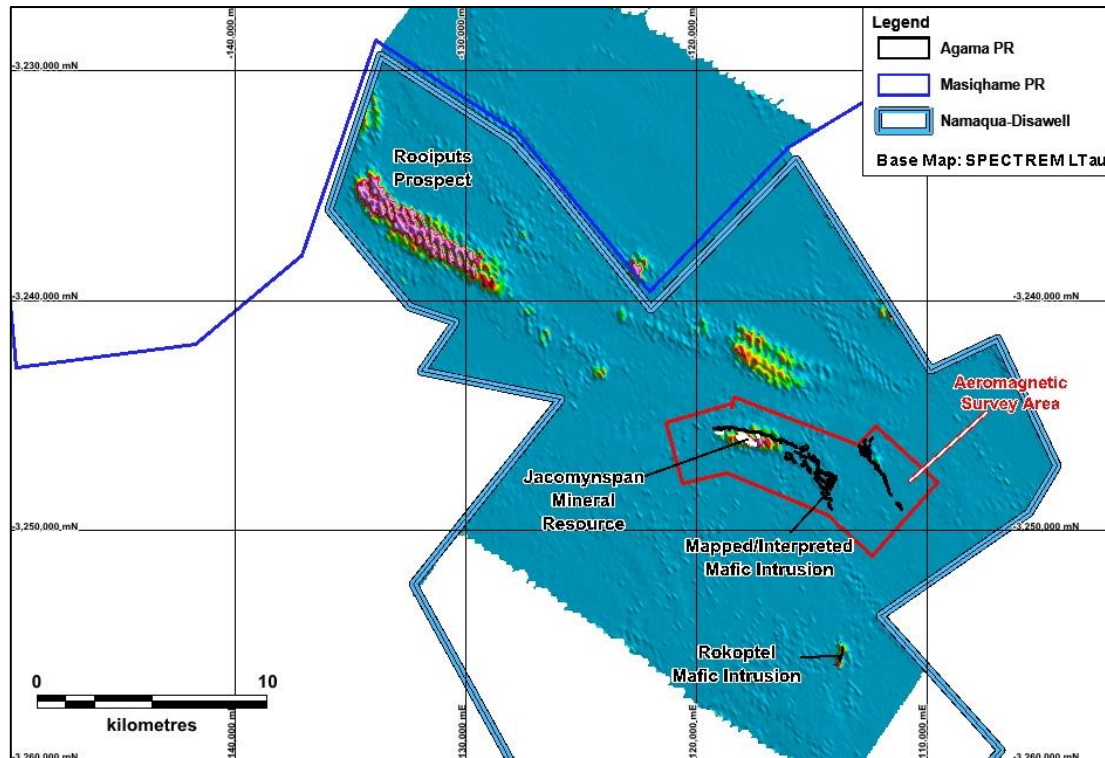


Figure 5: Late time constant (Tau) data from the Namaqua – Disawell SPECTREM airborne EM survey showing the high resolution magnetic survey area including the Jacomynspan Mineral Resource and hartzburgite hosted Nickel-Copper targets.

The Jacomynspan Deposit was first identified by AAPS with drilling carried out along a 4km strike length. In one portion of the deposit AAPS drilled to a depth of 900m. Disseminated nickel sulphide mineralisation was intersected with widths between 30 – 70m.

Orion believes a substantial exploration opportunity exists within the project area to search for higher grade, massive and semi-massive accumulations of nickel-bearing sulphides, analogous to the Nova-Bollinger deposit in the Fraser Range Province of Western Australia.

Orion has identified many similarities to the Fraser Range-style of mineralisation from historical data available for the project area and the surrounding Areachap belt. This includes:

- mafic-ultramafic intrusives of late Proterozoic age;
- intruded in intercratonic/craton margin tectonic setting;
- hosted in high metamorphic grade rocks (garnet, amphibolite gneisses) within a mobile belt;
- the presence of evolving magmas yielding multi-phase intrusives, including mafic to ultramafic rocks. Importantly, lithologies observed at the Jacomynspan Project include anorthosites, hartzburgites and various metamorphic equivalents;
- the identification of nickel and copper-bearing sulphides with minor cobalt and PGE's (higher concentrations than in Fraser Range) at numerous localities;
- low-grade, disseminated nickel-copper sulphide bodies are re-intruded by cumulate textured mafics, with net textured and massive sulphides present; and
- shallow, recent cover sequences (calcrete and soil) obscures much of the surface expression on the belt.

Orion will be utilising its experience and expertise developed in exploring for magmatic nickel-copper deposit in the Fraser Range Province of Western Australia to reinterpret the extensive database for the Jacomynspan Project area and rank the exploration targets. These will then be followed up with modern high-powered geophysical tools and methods which have not previously been applied in the Areachap belt before drill testing.

Connors Arc Epithermal Gold Project (Queensland)

During the Quarter, no work was undertaken at the Connors Arc Project due to the focus on completion of the Agama transaction and associated work programs.

Background

The New England Fold Belt in Queensland hosts numerous +1Moz Devonian through to Triassic aged epithermal and intrusion-related gold deposits. Many of these are Permian – Carboniferous aged systems and are intimately associated with intrusive lithologies of similar age.

Orion's Connors Arc project area is located within a geological and structural setting very similar to other significant epithermal gold systems in Queensland (Figure 8). Notable features include close proximity to the eastern margin of the Bowen Basin and prospective, Permo-Carboniferous aged volcanic and intrusive lithologies. In addition:

- Key prospects are spatially associated with a large, magmatic hydrothermal system (Mt Mackenzie);
- This hydrothermal system is located within a geological and structural setting which is very similar to other significant epithermal gold systems in Queensland such as Cracow and Mt Carlton and is of the same broad age (Permo-Carboniferous) as many other intrusion-related gold systems in Queensland; and
- Geological and geochemical characteristics in historical drilling which suggests that some prospects may be shallowly eroded, implying potential for higher gold grades at depth and existence of blind to surface orebodies.

In addition, several targets have been identified based on historical data review and using coincident ASTER alteration, geological and geophysical features which represent grass-roots additions to the project's target portfolio, which complement more mature targets such as Aurora Flats. Field mapping and sampling has also identified new targets.

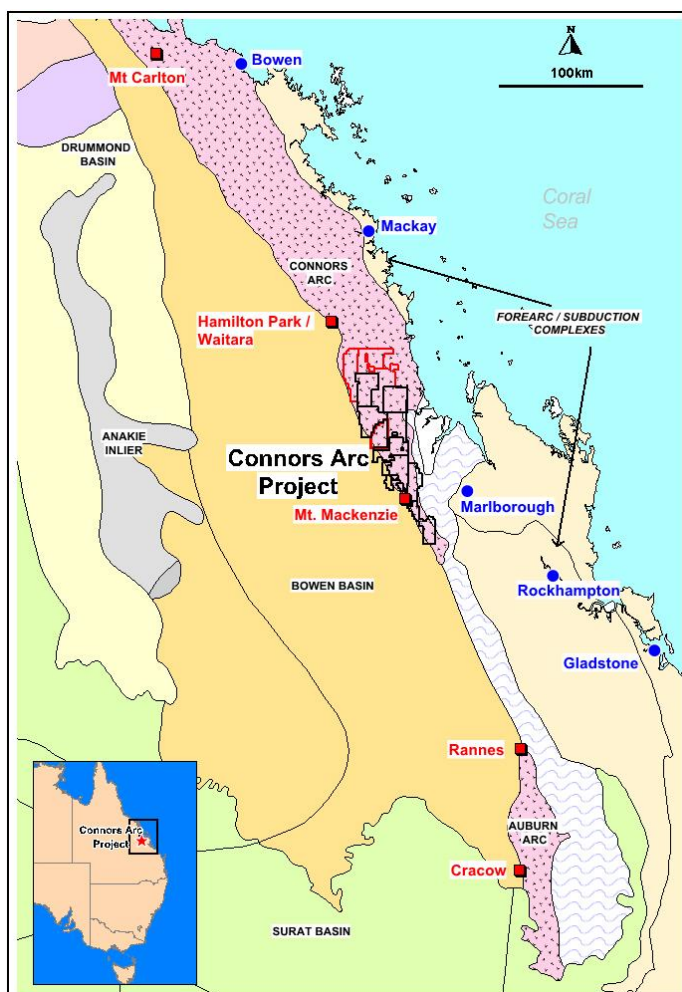


Figure 6: Location of tenements in the Connors Arc Project.

Fraser Range - Nickel-Copper Projects (Western Australia)

During the Quarter, Orion secured the involvement of Independence Group NL (ASX: IGO) in the ongoing exploration and evaluation of its Fraser Range Project, after entering into a landmark Joint Venture Agreement (**JVA**) with the leading mid-tier miner.

Under the terms of the JVA, IGO has acquired 70% equity in Orion's 100%-owned tenements and 60 - 65% equity in various joint venture tenements in exchange for a \$700,000 cash payment and subscribing for a \$1,300,000 placement in Orion at 2.4c per share (refer Figure 7 and ASX release 10 March 2017). The transaction was settled during the Quarter and further details of the JVA can be found in the Corporate section.

As a result of the JVA, Orion will maintain an exposure to the ongoing exploration and development of the Fraser Range Project without additional financial commitment, given that it will be free-carried through to the first pre-feasibility study (as defined in the JVA) on any of the tenements.

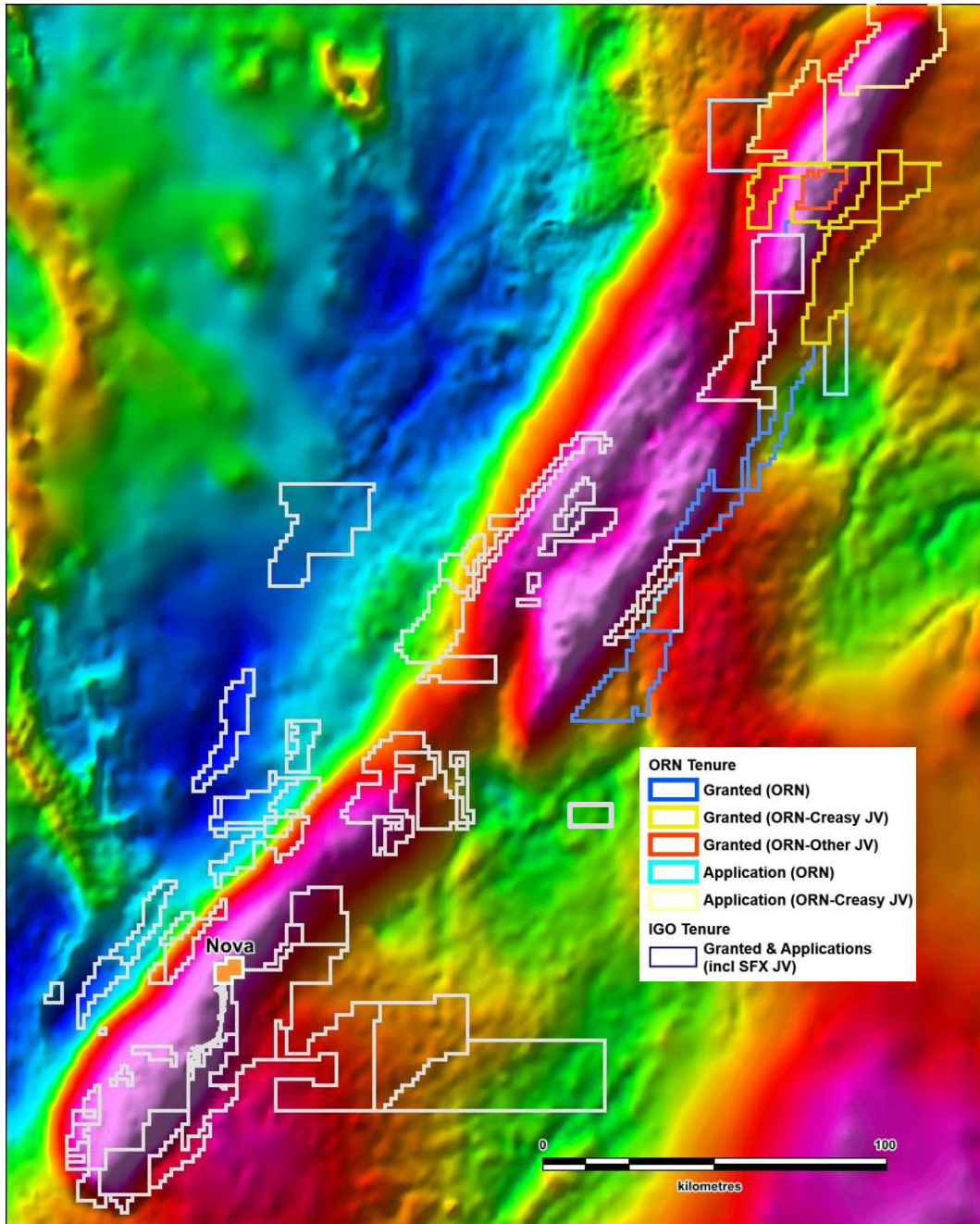


Figure 7: Plan showing Orion's Fraser Range Project and ownership/JV structure over regional gravity image. Also shown is IGO tenure (including JV with SFX).

Walhalla Gold and Polymetals Project (Victoria)

During the Quarter, the Company did not carry out any exploration activity on the Walhalla Project.

Tenement	Project	Ownership Interest	Change in Quarter	Joint Venture Partner
South Africa				
NC30/5/1/1/2/10445PR	PCM	73.33%	Acquired 73.33%	---
NC30/5/1/2/2/10244PR	Marydale	73.33%	Acquired 73.33%	---
Western Australia				
E28/2367	Fraser Range	30%	Joint Venture of 70% interest	Independence Group NL
E28/2378	Fraser Range	30%	Joint Venture of 70% interest	Independence Group NL
E28/2462	Fraser Range	30%	Joint Venture of 70% interest	Independence Group NL
E28/2596	Fraser Range	30%	Joint Venture of 70% interest	Independence Group NL
E39/1653	Fraser Range	35%	Joint Venture of 65% interest	Independence Group NL & Geological Resources Pty Ltd
E39/1654	Fraser Range	10%	Joint Venture of 60% interest	Independence Group NL & NBX Pty Ltd
E69/2379	Fraser Range	10%	Joint Venture of 60% interest	Independence Group NL & Ponton Minerals Pty Ltd
E69/2380	Fraser Range	10%	Joint Venture of 60% interest	Independence Group NL & Ponton Minerals Pty Ltd
E69/2707	Fraser Range	10%	Joint Venture of 60% interest	Independence Group NL & Ponton Minerals Pty Ltd
Queensland				
EPM19825	Connors Arc	100%	---	---
EPM25122	Connors Arc	100%	---	---
EPM25283	Connors Arc	100%	---	---
EPM25703	Connors Arc	100%	---	---
EPM25708	Connors Arc	100%	---	---
EPM25712	Connors Arc	100%	---	---
EPM25714	Connors Arc	100%	---	---
EPM25763	Connors Arc	100%	---	---
EPM25764	Connors Arc	100%	---	---
EPM25813	Connors Arc	100%	---	---
EPM26081	Connors Arc	100%	---	---
EPM26082	Connors Arc	100%	---	---
EPM26083	Connors Arc	100%	---	---
Victoria				
MIN5487 ⁽¹⁾	Walhalla	100%	---	---
EL5340	Walhalla	100%	---	---
EL5348	Walhalla	100%	---	---

⁽¹⁾ MIN 5487 has been sold to Centennial Mining Ltd.

Cash and Finance

Cash on hand at the end of the Quarter was \$3.05 million.

Convertible Note

On 7 February 2017, the Company announced that it was proposing to conduct a capital raising through the issue of convertible notes to various sophisticated and professional investors to raise up to \$8 million through the issue of up to 307,692,308 convertible notes, each with a face value of 2.6 cents (**Convertible Notes**).

The Company obtained shareholder approval for the Convertible Notes issue at a meeting of shareholders held on 13 March 2017. Following obtaining approval, on 17 March 2017 the Company issued 232,692,294 Convertible Notes each with a face value of 2.6 cents, raising \$6,050,000. Key terms of the Convertible Notes are set out in the Company's 8 March 2017 ASX announcement.

Proceeds received from the Convertible Notes issue were used to complete the purchase of 100% of the issued capital of Agama Exploration & Mining (Pty) Ltd (refer ASX release 17 March 2017) and to otherwise provide working capital to the Company.

Tembo

On 10 March 2017, the Company announced that it had reached agreement with Tembo Capital to initially invest \$3 million in Orion's Convertible Notes issue (refer above) and following this, on 12 April 2017, the Company announced that it had 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 mining-focussed 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 Capital**), 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**).

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.

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.

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.

Agama settlement (South Africa)

As referred to in the Exploration section of this Report, on 30 March 2017, the Company announced that it had completed the acquisition of Agama Exploration & Mining (Pty) Ltd (**Agama**), resulting in Orion, through its subsidiary companies, holding an effective 73.33% interest in the company holding Prospecting Rights over the historical Prieska Copper Mine (**PC**), located at Copperton, Northern Cape province, South Africa, and the Marydale Gold-Copper Project, a volcanogenic gold-copper discovery located 60km from PC (Figure 1).

The purchase consideration paid on settlement of the acquisition was ZAR53 million (~A\$5.5 million), of which ZAR31.5 million (~A\$3.3 million) was paid in cash and ZAR21.5 million (~A\$2.2 million) was paid by issue of Orion shares (each share having an attached unlisted Orion option) (refer ASX release 29 March 2017).

In addition, Orion provided finance for Agama to enable it to settle all historical shareholder loans to an aggregate amount of approximately ZAR33.3 million (~A\$3.4 million).

Orion is well financed at project level to advance the PC Project, with a ZAR30 million (~A\$3.0 million) facility available from a South African Investment Fund. Importantly, the PC Project also has a cash-backed environmental fund of ZAR18.2 million (~A\$1.82 million) which has not been needed since the mine closed in 1991.

The projects have a well established Broad Based Black Economic Empowerment ownership structure (26.66% – 30% ownership) in place with strong local partners.

Earn-In Right - Jacomynspan Nickel-Copper-PGE Project (South Africa)

On 14 July 2016, the Company announced that it had entered into a binding term sheet to acquire the earn-in rights over the Jacomynspan Project from two companies, Namaqua and Disawell, which hold partly overlapping prospecting rights and mining right applications.

Orion's earn-in right is via a South African-registered special-purpose vehicle (**SPV**), which will be established by Orion as its vehicle for investment in the joint ventures and of which historically-disadvantaged South African (**HDSA**) shall hold a minimum of 26% of the issued shares. Key terms of the transaction are set out below:

- Orion SPV has the exclusive opportunity to earn up to an 80% interest (Orion 59.2%) in the Companies. The Companies are privately owned South African companies with 26% or greater HDSA ownership.
- Conditions precedent to the commencement of earn in rights (**Earn-In Commencement Date**) include:
 - Due diligence to be conducted by Orion;
 - Orion providing the Companies with an initial exploration program to be carried out for the first 6 month period following the Earn-In Commencement Date (**Initial Program**);
 - The Companies obtaining all necessary approvals for Orion to access the Jacomynspan Project and conduct exploration activities including the Initial Program;
 - Orion providing proof of financial capacity to execute the Initial Program prior to 9 May 2017; and
 - The parties entering into a comprehensive earn-in agreement prior to 9 May 2017.
- Orion SPV is able to earn an initial interest of 25% (Orion 18.5%) in the Companies via staged expenditure of US\$0.5 million on the Jacomynspan Project over the 12 months from the Earn In Commencement Date (**First Earn In Right**) including:
 - Expenditure commitment of US\$0.25 million in the first 6 months; and
 - A further \$0.25 million must be spent within 12 months of the Earn-In Commencement Date (US\$0.5 million in total expenditure).
- Once Orion SPV has earned the initial 25% interest:
 - The Companies will issue Orion with fully paid ordinary shares in the Companies (**Shares**) which shall result in Orion SPV being the holder of 25% of the total Shares on issue immediately following such issue of Shares;
 - The Companies will record a shareholder loan account in favour of Orion SPV to the value of the First Earn In Right expenditure incurred by Orion and shall continue to record further expenditure by the Orion SPV as an increase in the shareholder loan account (**Orion Loan**);
 - Orion can elect to increase its interest via further expenditure, as detailed below, or maintain its 25% interest by contributing pro-rata to exploration; and
 - Within 30 days, the parties will negotiate the terms of a shareholders agreement to govern the terms of relationship between the shareholders.
- Following the First Earn-in Right, should Orion elect to increase its interest via further expenditure, the Orion SPV can earn a further 25% interest (making its total interest 50% (Orion 37%)) by expending a further US\$1 million on the Jacomynspan Project (US\$1.5 million total expenditure) over a further 12 months (2 years from Earn-In Commencement Date) (**Second Earn In Right**).
- Once Orion SPV has earned a 50% interest:
 - The Companies will issue Orion with Shares which shall result in Orion SPV being the holder of 50% of the total Shares on issue immediately following such issue of Shares; and
 - Orion can elect to increase its interest via further expenditure, as detailed below, or maintain its 50% interest by contributing pro-rata to exploration.

- Following the Second Earn in Right, should Orion elect to increase its interest via further expenditure, Orion SPV can earn a further 30% interest (making its total interest 80% (Orion 59.2%)) by:
 - Expending a further US\$0.5 million on the Jacomynspan Project (US\$2 million total expenditure) over a further 12 months (3 years from Earn In Commencement Date);
 - Completing a bankable feasibility study, which has been reviewed and signed off by an independent external expert; and
 - Providing or securing project finance terms to develop a mining operation within the Project Area as per the bankable feasibility study and which shall not result in any Shareholder dilution.
- On the Earn-In Commencement Date, Orion will be appointed as the operator and manager of the joint ventures and will have the right to appoint a minimum of one director to the boards of the Companies.
- The Companies shareholders on the date of execution of the Term Sheet (**Signature Date**) shall be entitled to a 2% royalty in proportion to their beneficial interest in the Companies at the Signature Date, on net smelter returns arising from the production and sale of metals from the Jacomynspan Project's SAMREC resource as at the Signature Date (**Royalty**). At any time following the Earn-In Commencement Date, Orion shall have the right at its sole discretion to buy out the Royalty for an aggregate value of US\$2 million.
- As noted above, all expenditure by Orion shall be advanced to the Companies as an Orion Loan. In addition to the Orion Loan, the Companies have existing shareholder loans of ZAR78.5 million (~US\$5.4 million) as at the Signature Date (together **Shareholder Loans**). Following the completion of the First Stage Earn In, the parties will negotiate the terms of a Shareholders Loan to govern the terms of the Shareholder Loans. The Shareholder Loan agreement will contain clauses normally contemplated by a formal agreement negotiated in good faith between the parties.

Should Orion fail to meet its earn in right commitments, then either the parties will re-negotiate the terms of the Term Sheet or, if the parties are unable to agree those new terms, then Orion will relinquish its rights to earn any further interest in the Companies and the Term Sheet will be at an end.

Independence Group NL

As referred to in the Exploration section of this Report, on 10 March 2017, the Company announced that it had secured the involvement of Independence Group NL (ASX: IGO) in the ongoing exploration and evaluation of its highly prospective tenement package in the Fraser Range region of WA (Figure 7) (**Fraser Range Project**), after entering into a landmark Joint Venture Agreement (**JVA**) with the leading mid-tier miner.

Under the terms of the JVA, IGO acquired 70% equity in Orion's 100%-owned tenements and 60 - 65% equity in various joint venture tenements in exchange for a \$0.7 million cash payment and subscribing for a \$1.3 million placement in Orion at 2.4c per share.

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

The key terms of the JVA are as follows:

- (a) IGO will initially acquire 70% equity in the Company's 100% owned tenements, 60% in the Creasy JV tenements (being tenements the subject of a joint venture between entities controlled by Mark Creasy and the Company) and 65% in the GR JV tenement (being a tenement the subject of a joint venture between Geological Resources Pty Ltd and the Company);
- (b) in consideration for the above, IGO paid the Company \$0.7 million cash and subscribed for 54,166,666 Shares at 2.4 cents per Share for total subscription fees of \$1.3 million (**Consideration Shares**);
- (c) IGO will have the right to top-up its equity in the joint ventures through the payment of cash or shares; and
- (d) the Company will be free carried through to completion of a PFS on any of the tenements comprising the Fraser Range Project.

On 14 March 2017, the Company announced that it had received \$2.0 million from IGO (comprising the cash consideration of \$0.7 million and the subscription amount for the Consideration Shares of \$1.3 million) and that it had issued the 54,166,666 Consideration Shares to IGO.

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.

Competent Persons Statement

The information in this report that relates to Orion's Exploration Results and historical Exploration Results at the PC and Marydale Projects, and Orion's Exploration Results at the Kantienpan Deposit, complies with the JORC Code and has been compiled and assessed under the supervision of Mr Errol Smart, Orion Gold NL's Managing Director. Mr Smart (PrSciNat) is registered with the South African Council for Natural Scientific Professionals, a ROPO for JORC purposes and has experience in the identification and exploration of mineralisation of this style. Mr Smart consents to the public release of the information in the context contained within this release as a Competent Person as defined in the JORC Code).

The information in this report that relates to historical Exploration Results at the Jacomynspan Project complies with the JORC Code and has been compiled and assessed under the supervision of Mr Errol Smart, Orion Gold NL's Managing Director. Mr Smart (PrSciNat) is registered with the South African Council for Natural Scientific Professionals, a ROPO for JORC purposes and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Mr Smart consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. The Exploration Results are based on standard industry practises for drilling, logging, sampling, assay methods including quality assurance and quality control measure as detailed in ASX announcement of 14 July 2016.

The information in this report which relates to the Jacomynspan SAMREC (2007) resource has been compiled and assessed under the supervision of Mr Errol Smart, Orion Gold NL's Managing Director. Mr Smart has concluded that the information provided in this document complies with ASX Listing Rule

5.12 and is an accurate representation of the data and studies available and relating to this resource. However Mr Smart, as the Competent Person, has not yet completed sufficient review on the qualifying foreign resource estimate to classify it in accordance with the JORC Code at this time and consequently it is uncertain that, following evaluation and/or further exploration work that the qualifying foreign resource estimate will be able to be reported as a Mineral Resource in accordance with the JORC Code. Mr Smart consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results at the Connors Arc Project complies with the JORC Code and is based on information compiled by Mr Bruce Wilson, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Wilson is the Principal of Mineral Man Pty Ltd, a consultant to Orion Gold, and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Wilson consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results and other technical information for the Fraser Range Nickel-Gold Projects (also described as the Peninsula Nickel Project and the Plumridge Lakes Project) complies with the JORC Code and has been compiled by Mr Bill Oliver, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Oliver is the Chief Operating Officer of Orion Gold NL and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Oliver consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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:

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this release, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).