



Notice of Annual General Meeting and Explanatory Memorandum

Orion Metals Limited ACN 096 142 737

Date of Meeting: Tuesday, 28 June 2011

Time of Meeting: 11 am (Brisbane time)

Place of Meeting: Level 7, Waterfront Place, 1 Eagle Street, Brisbane,
Queensland

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of shareholders of **Orion Metals Limited** ACN 096 142 737 (**Company**) will be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane, Queensland, on Tuesday 28 June 2011 at 11 am (Brisbane time).

Agenda

Ordinary business

Financial Report

To receive and consider the Company's Annual Financial Report comprising the Directors' Report and Independent Audit Report, Directors' Declaration, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements for the Company for the financial year ended 28 February 2011.

1. Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution:

"That the Remuneration Report for the year ended 28 February 2011 (as set out in the Directors' Report) be adopted."

The vote on this Resolution is advisory only and does not bind the Directors of the Company.
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2. Re-election of Mr David Barwick as a Director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

"That David Keith Barwick, who retires by rotation in accordance with Rule 39.1 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

3. Election of Dr Tao Li as a Director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

"That Tao Li, who retires in accordance with Rule 37.2 of the Company's Constitution and, being eligible, offers himself for election, be elected as a Director."

4. Issue of Director Options to Dr Tao Li

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

"That, subject to Shareholders resolving to pass Resolution 3 "Election of Dr Tao Li as a Director" at the Company's Annual General Meeting, in accordance with section 208(1) of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 500,000 Director Options to Tao Li, being a non-executive Director of the Company, or his nominee (Dr Li) and otherwise on terms set out in the Explanatory Memorandum".

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by:

- Dr Tao Li; and
- any associate of Dr Tao Li.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

5. Non-Executive Directors Remuneration

To consider and, if thought fit, pass the following resolution as an ordinary resolution, with or without modification:

“That in accordance with Listing Rule 10.17 of the Official Listing Rules of the ASX Limited and Rule 40.5 of the Company’s Constitution, the total aggregate annual remuneration payable to non-executive Directors of the Company and its child entities be increased by \$100,000 per annum, from \$200,000 per annum, to a maximum of \$300,000 per annum.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by:

- a Director; and
- any associate of a Director.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

6. Issue of Shares to Metal Bank Limited

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That in accordance with the provisions of Listing Rule 7.1 of the Official Listing Rules of the ASX Limited, and for all other purposes, the Shareholders approve the issue of 1,000,000 ordinary shares in the Company to Metal Bank Limited on the terms and conditions described in the Explanatory Memorandum attached to this Notice of Meeting.”

Notice of Annual General Meeting

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by:

- Metal Bank Limited; and
- any associate of Metal Bank Limited.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Special business

7. Proportional Takeover Provisions

To consider and, if thought fit, pass the following Special Resolution:

“That, in accordance with section 648G of the Corporations Act, the proportional takeover provisions in the Company’s Constitution be renewed with immediate effect from this resolution being passed.”

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the board



David Barwick
Director
27 May 2011

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to shareholders of **Orion Metals Limited** ACN 096 142 737 (**Company**) to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at Level 7, Waterfront Place, 1 Eagle Street, Brisbane, Queensland on Tuesday 28 June 2011 commencing at 11 am (Brisbane time).

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in Section 11.

2. Consider the Company's Financial Report

The Company's Financial Report comprising the Directors' Report and Independent Audit Report, Directors' Declaration, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements for the Company for the financial year ended 28 February 2011 were released to the ASX and have been despatched to Shareholders as part of the Company's Annual Report.

The Company's Annual Report for the year ended 28 February 2011 is also available on the Company's website at www.orionmetals.com.au.

The Company's Financial Report is now placed before the shareholders for discussion. No voting is required for this item.

3. Resolution 1 – Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors of the Company.

4. Resolution 2 – Re-election of Mr David Barwick as a Director

David Keith Barwick retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Non-Executive Director.

Under Article 39.1 of the Constitution, one-third of Directors are required to retire at each annual general meeting (excluding directors appointed to fill casual vacancies), with Directors required to

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retire based upon length of tenure. Where two directors have been in office an equal amount of time, the person to retire is to be determined by lot. Adrian Day retired and was re-elected under Article 39.1 in 2009 and Andrew Gillies was re-elected at last year's annual general meeting.

Mr Barwick was appointed as a Board member and Chairman of the Company on 28 November 2008.

He was instrumental in obtaining the financial support for the initial financing of the Rights Issue and negotiating the terms of the Share Placement of a further \$2million during the 2010/11 financial year. He also was responsible for designing the short term option attached to the initial financing to ensure that sufficient funds would be raised in a timely manner to allow exploration programs to be met without depleting cash reserves below an acceptable level.

Mr. Barwick has excellent relationships with brokers throughout Australia and North America and this has assisted in the reestablishment of Orion into a successful exploration Company with a proactive board increasing the rare earth and gold exploration activities.

He is an accountant by profession with almost 40 years experience in the management and administration of publicly listed companies both in Australia and North America. During this period he has held the position of Chairman, Managing Director or President of close to 30 public companies covering a broad range of activities.

He is currently chairman of 4 other ASX-listed companies, Metallica Minerals Limited, Planet Metals Limited, MetroCoal Limited – all involved with mining and resources, and Jumbo Interactive Limited whose business is on-line lotteries.

The Directors (with Mr Barwick abstaining) recommend that you vote in favour of this Ordinary Resolution.

5. Resolution 3 – Election of Dr Tao Li as a Director

Tao Li retires in accordance with the Company's Constitution and, being eligible, offers himself for election as a Non-Executive Director.

Under Article 37.2 of the Constitution, any director appointed by the Board to fill a casual vacancy retires at the next annual general meeting.

Dr Li was appointed on 30 September 2010 as representative of one of the Company's largest shareholders, Jien Mining Pty Ltd ACN 110 986 797.

He is a specialist in geotechnical and mining engineering and he provides commercial, technical and corporate strategic advice to Australian, Canadian, and Chinese mining companies. He previously worked for 7 years in the Chinese mining industry and for the past 23 years he has been a trusted advisor to the Australian mining industry as an engineer, manager and group manager for organisations such as Mount Isa Mines, WMC Resources, Gold Fields and Newcrest Mining. His extensive experience with project evaluations, mergers, acquisitions, Chinese business development, corporate structuring, equity raising, EPCM and supply solutions provide a wealth of knowledge for Orion to draw upon. His project and operational skills range from design, evaluation, risk assessment and management, due diligence, review and audit, as well as project and human resource management. He has initiated, developed and implemented a number of innovative solutions and improvements to a number of mines and projects.

Dr Li is currently an Alternate Director of ASX-listed Metallica Minerals Ltd ACN 076 696 092 and he is also a Director of TSX-listed Liberty Mines Inc.

The Directors (with Dr Li abstaining) recommend that you vote in favour of this Ordinary Resolution.

6. Resolution 4 – Issue of Director Options to Dr Tao Li

Introduction

The Directors have resolved to refer to Shareholders for approval of the proposed grant of 500,000 options to Dr Li a Director of the Company, or his nominee (**Recipient**) (**the Director Options**), subject to Shareholders resolving to pass Resolution 3 - Election of Dr Tao Li as a Director at the Company's Annual General Meeting. The terms of the Director Options are set out in more detail below.

Approval for the issue of the Director Options is sought in accordance with the Listing Rule 10.11 and Part 2E of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

In order for the Director Options to be granted to a Director, the requirements of Chapter 2E of the Corporations Act need to be observed.

Options Terms

A summary of the terms of the Director Options are as follows:

- (a) the Director Options to be issued to Dr Li or his nominee will be exercisable at \$0.20 per Option (**Exercise Price**) on or before three (3) years from the Issue Date by delivering a duly completed form of notice of exercise together with a cheque for the exercise price to the Company at any time prior to the expiry date;
- (b) the Director Options may not be transferred at any time after issue;
- (c) the Director Options will not be listed on the ASX;
- (d) the Director Options will expire on the earlier of:
 - (1) the date being three (3) years from the Issue Date unless earlier exercised;
 - (2) the Business Day after the expiration of three (3) months, or any longer period which the Board may determine, after the Option Holder ceases to be a Director, contractor or employee of the Company or an associated body corporate of the Company; or
 - (3) the date on which the Company terminates any executive or service agreement with the Director.
- (e) The holder of the Director Options will not be entitled to participate in any new issue of shares or other securities in the Company unless the Director Options are exercised and the resultant shares issued prior to the record date for determining entitlements to the Issue.
- (f) holding statements will be issued for the Director Options. In addition, accompanying the new option holding statement, there will be endorsed a notice that is to be completed when exercising the Director Options. Both the option holding statement and the Notice of Exercise of Option Form are required to be duly completed and sent to the Company or the Company's Share Registry when exercising the Director Options. If there is more than one Option on a holding statement and prior to the expiry date those Director Options are exercised in part the Company will issue another holding statement for the balance of the options held and not yet exercised; and
- (g) on a reorganisation of capital, the rights of the option holder will be changed to comply with the Listing Rules then applying to a reorganisation of capital.
- (h) If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

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$$O^n = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

- O^n = the new exercise price of the Option;
- O = the old exercise price of the Option;
- E = the number of underlying securities into which one Option is exercisable;
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;
- S = the subscription price for a security under the pro rata issue;
- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

- (i) If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.

Regulatory Requirements

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition (including where shareholder approval is obtained).

Resolution 4, if passed, will confer financial benefits on the Recipient (being related parties of the Company) and the Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the Corporations Act and for this reason, and for all other purposes, the following information is provided to Shareholders.

- (a) **The related parties to whom Resolution 4 would permit the financial benefit to be given**

Dr Tao Li (or his nominee), being a Director of the Company.

- (b) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given is:

- (1) the grant of 500,000 Director Options to Dr Li (or nominee) as referred to in Resolution 4;
- (2) the Director Options shall be granted for nil consideration;
- (3) the Director Options shall vest and be capable of exercise into fully paid ordinary Shares on the Issue Date;
- (4) the Director Options shall be exercisable into fully paid ordinary Shares on or before the date that is 3 years from the Issue Date (**Expiry Date**), provided that the Director has not ceased to be a Director on the basis provided for in the Director Options terms;
- (5) the exercise price for the Director Options shall be twenty cents each (\$0.20).

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- (6) Presently Dr Li does not hold any options. The proposed issue of the Director Options will seek to bring the number of Director Options in line with the other directors of the Company. It has been the practice of the Company Board, rather than issuing cash incentives, to issue options at an exercise price that gives the Director holder a near term incentive to exercise the Director Options. The intention of this practice being that upon exercise, those non-executive directors will have contributed equity to the Company and are, by holding Shares, bound by and incentivised to act to improve, the performance of the Company.

(c) **Directors' Recommendation**

With respect to Resolution 4, Mr Barwick, Mr Gillies and Mr Day recommend that Shareholders vote in favour of this resolution.

The reasons for their recommendation include:

- (1) the grant of the Director Options as proposed to Dr Li will provide him with reward and incentive for future services he will provide to the Company to further the progress of the Company;
- (2) the Director Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (3) in the Company's circumstances as they existed as at the date of this Explanatory Statement, Mr Barwick, Mr Gillies and Mr Day considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Director Options to a third party.

As Dr Li is interested in the outcome of Resolution 4, he accordingly makes no recommendation to Shareholders in respect of this resolution.

(d) **Directors' Interest and other remuneration**

Dr Li has a material personal interest in the outcome of Resolution 4, as it is proposed that Director Options be granted to him (or his nominee).

Excluding the Director Options, Dr Li (and entities associated with him) holds no Shares or options in the Company.

Other than the Director Options to be issued to Dr Li pursuant to Resolution 4, Dr Li shall receive director's remuneration of \$36,000 (inclusive of superannuation) per annum (total cost to the Company) from the Company for his services as a non-executive Director.

If all of the Director Options granted are exercised by Dr Li (or his nominee as the case may be), the following will be the effect on his holding in the Company:

Director	Current Share Holding ¹	% of Total Share Capital ²	Share Capital Upon Exercise of Director Options ¹	% of Total Share Capital ³
Dr Tao Li	Nil	0 %	500,000	0.624 %

Notes:

1. This assumes that none of the current options on issue in the Company are exercised and no further securities are issued.
2. This assumes that there are currently 79,597,443 Shares on issue.

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3. This assumes that there will be 80,097,443 Shares on issue upon the exercise of all of the Director Options.

(e) **Valuation**

The Director Options are not quoted on the ASX and as such have no market value. The Director Options each grant the holder a right of grant of one ordinary Share in the Company upon exercise of the Director Options and payment of the exercise price of the Director Options described above. Accordingly, the Director Options may have a present value at the date of their grant.

The Director Options may acquire future value dependent upon the extent to which the Shares exceed the exercise price of the Director Options during the term of the Director Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have a value. Various factors impact upon the value of options including:

- (1) the period outstanding before the expiry date of the options;
- (2) the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- (3) the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (ie whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- (4) the value of the shares into which the options may be converted; and
- (5) whether the options are listed (ie readily capable of being liquidated).

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula).

The Company has commissioned an independent valuation of the options, for the purposes of disclosing to Shareholders such information required to decide whether or not it is in the Company's interest to pass Resolution 4 and disclosing expenses in the Company's Financial Statements in accordance with AASB 2 Share Based Payments, using the Black-Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the price of the underlying Share at the time of issue, the exercise price, the time to expiry, the risk-free interest rate, the volatility of the Company's underlying Share price and expected dividends.

Inherent in the application of the Black-Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Black-Scholes Model was:

- (1) the exercise price of the Director Options being \$0.20
- (2) a market price of Shares of \$0.24;
- (3) expiry date of 3 years from the Issue Date for the Director Options proposed to be issued to the Director.
- (4) a volatility measure of 110.627%;
- (5) a risk-free interest rate of 5.15% on the options proposed to be issued to the Directors; and

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(6) a dividend yield of nil.

Some relatively minor variables were included in the calculation to estimate the value of Director Options as “American style” options (being exercisable at any time prior to the stated expiry date). Theoretically, the Black-Scholes Model prices “European style” options (being exercisable only on the exercise date).

Based on the independent valuation of the Director Options, the Company agrees that the value of the Director Options to be issued pursuant to Resolution 4 is \$86,014.

(f) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of its Directors save and except as follows:

Market Price movements:

The option valuation noted above is based on a market price per Share of \$0.24.

There is a possibility that the market price of the Shares will change up to the date of the Meeting.

Trading History

The Company does not intend to apply for listing of the Director Options on the ASX. However, the Company shall apply for listing of the resultant shares of the Company issued upon exercise of any Director Option.

The trading history of the Shares over the past 12 months is set out below:

	Market Price on 23 May 2011	Market Price 6 months prior to date of Notice of Meeting	Market Prices 12 months prior to date of Notice of Meeting
High	\$0.225	\$0.22	\$0.05
Low	\$0.20	\$0.205	\$0.05

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Director Options to the Director is the potentially diluted impact on the issued Share capital of the Company (in the event that the options are exercised). Until exercised, the issue of the Director Options will not impact upon the number of Shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused by the issue of the Shares may be detrimental to the Company, if at all, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms.

It is also considered that the potential increase of value in the Director Options is dependent upon a concomitant increase in the value of the Company generally.

Taxation Consequences

No stamp duty will be payable in respect of the grant of the Director Options. No GST will be payable by the Company in respect of the grant of the Director Options (or if it is then it will be recoverable as an input credit).

AASB 2 “Share Based Payments” requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of comprehensive income. Where the grant date and the vesting date are different, the total expenditure calculated will be allocated between the two dates taking into

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- Andrew Gillies \$36,000
- Adrian Day \$36,000
- Tao Li \$36,000

such amounts being inclusive of any required superannuation payments.

In addition, there may be occasions when the Non-Executive Directors are required to perform services that fall outside the scope of their ordinary duties as a Non-Executive Director. In the event that the Non-Executive Directors are required to perform additional duties they are entitled, pursuant to Rule 38 of the Company's Constitution, to be paid for the performance of these additional duties. However, in accordance with Rule 40 of the Company's Constitution payments for the performance of additional services must also fall within the aggregate amount of remuneration for Non Executive Directors that has been approved by Shareholders. Such payments for the financial year ended 28 February 2011 totalled approximately \$54,000.

The aggregate remuneration that may be applied to pay the Non-Executive Directors of the Company has remained unchanged and has not been increased since 2006, before the Company's shares were quoted on the ASX.

Shareholder approval is sought to increase the total aggregate annual remuneration payable to Non-Executive Directors of the Company and its child entities from \$200,000 to a maximum aggregate amongst all Non-Executive Directors of \$300,000 (to be divided between Non-Executive Directors of the Company and/or its child entities as the board determines).

It is important to note that in the current phase of activities being undertaken by the Company, particularly with one Non-Executive Director performing geological and field work, and the fact that the Chairman is currently acting as an executive, the Non-Executive Directors are undertaking additional duties to supplement the tasks being performed by employees and contractors, and such will require additional payments that are expected to exceed the current approved aggregate remuneration.

The Board considers that this increase in the total aggregate annual remuneration payable to Non-Executive Directors is necessary to provide an ability to increase the remuneration payable to the current Non-Executive Directors and any additional Non-Executive Directors who might join the Board. Further details on the remuneration paid to Non-Executive Directors are set forth in the Remuneration Report contained in the Directors' Report section of the Annual Report.

The Company believes that all relevant information concerning Resolution 5 required in respect of Listing Rule 10.17 is included in the text, and accompanying notes, of this resolution in the Notice of Meeting.

8. Resolution 6 – Issue of Shares to Metal Bank Limited

Background

The Company's wholly owned subsidiary, Rich Resources Investments Pty Ltd (**RRI**), has entered into the Tenement Acquisition Agreement (**TAA**) with Metal Bank Limited (**MBK**) dated 22 March 2011 for the acquisition by RRI of a 50% interest in mining tenement E80/4212 (**Tenement**) in Western Australia. Under a separate farm-in agreement with MBK, RRI can increase its interest in the Tenement to 80%.

The purchase price under the TAA consists of a cash payment of \$100,000 and the issue of 1,000,000 ordinary shares in the Company (**MBK Shares**).

Completion of the TAA is scheduled for 30 August 2011, although the TAA remains subject to MBK completing the acquisition of the Tenement from a third party. If completion of the acquisition does not proceed, then the MBK Shares will not be issued to MBK.

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ASX Listing Rule 7.1

ASX Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new shares equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders.

In accordance with Listing Rule 7.1 the Company is now seeking the approval of Shareholders for the issue of the MBK Shares.

The effect of the Shareholders approving the issue of the MBK Shares will be that the issue will not be counted as part of the Company's 15% limit under ASX Listing Rule 7.1, and the Company will therefore retain a greater proportion of the 15% limit for any subsequent requirements that may arise.

For the purposes of ASX Listing Rule 7.3, the Company advises:

- The number of MBK Shares that will be issued under this Resolution 6 is 1,000,000;
- The MBK Shares are intended to be granted upon completion of the TAA, but in any event, within three (3) months of the date of the Meeting.
- The MBK Shares are issued in consideration of the acquisition of the 50% interest in the Tenement by RRI from MBK.
- The MBK Shares will be issued to Metal Bank Limited who falls within one or more of the classes of exemptions specified in Section 708 of the Corporations Act, and is not a related party of the Company (within the meaning of the Corporations Act and the Listing Rules).
- The MBK Shares will have the same rights and entitlements as all other fully paid ordinary shares in the issued capital of the Company.
- As the issue of the MBK Shares are in consideration of completion of the TAA, no funds will be raised by the issue of the MBK Shares.

The Directors recommend that you vote in favour of this ordinary resolution.

9. Resolution 7 – Proportional Takeover Provisions

9.1 Introduction

Rule 77 of the Company's Constitution contains provisions dealing with proportional takeover bids for the Company's shares in accordance with the Corporations Act.

Under the Corporations Act, the provisions must be renewed every three years or they will cease to have effect. The Company is now seeking to renew the proportional takeover approval.

If Resolution 7 is approved, the current provisions will have effect for 3 years from the date the Resolution is passed.

The Corporations Act requires that the following information be provided to shareholders when they are considering the inclusion of proportional takeover provisions in a constitution.

9.2 What is a proportional takeover bid, and why do we need the proportional takeover approval provisions?

A proportional takeover bid (referred to in Rule 77 as "the Takeover Scheme") includes the bidder offering to buy a proportion only of each shareholder's shares in the Company. This means that control of the Company may pass without members having the chance to sell all their shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

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In order to deal with this possibility, the Company may provide in its constitution that:

- (a) in the event of a proportional takeover bid being made for shares in the Company, members are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- (b) the majority decision of the Company's members will be binding on all individual members.

The directors consider that members should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without members being given the opportunity to dispose of all of their shares for a satisfactory control premium. The directors also believe that the right to vote on a proportional takeover bid may avoid members feeling pressure to accept the bid even if they do not want it to succeed.

9.3 What is the effect of the proportional takeover approval provisions?

If a proportional takeover bid is made, the directors must ensure that members vote on a resolution to approve the bid not less than 15 days before the bid period closes.

The vote is decided by an Ordinary Resolution. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities, is entitled to vote. However, the bidder and its associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Constitution.

The bid will be taken to have been approved if the resolution is not voted on within the deadline specified under the Corporations Act.

The proportional takeover approval provisions do not apply to full takeover bids, and only apply for 3 years after the date they are adopted as part of the Constitution. As noted above, the provisions may be renewed or reinserted upon the expiry of the initial 3 year period, but only by a Special Resolution passed by shareholders.

9.4 Potential advantages and disadvantages

The renewal of the proportional takeover provisions approval will allow the Directors to ascertain members' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether the bid should be accepted.

The provisions in Rule 77 will ensure that all members have an opportunity to study a proportional bid proposal and vote on the bid at a general meeting. This is likely to ensure a potential bidder structures its offer in a way which is attractive to a majority of members, including appropriate pricing. Similarly, knowing the view of the majority of members may help individual members assess the likely outcome of the proportional takeover when determining whether to accept or reject the offer.

However, it is also possible that the inclusion of such provisions in the Constitution may discourage proportional takeover bids and may reduce any speculative element in the market price of the Company's shares arising from the possibility of a takeover offer being made. The inclusion of the provisions may also be considered to constitute an unwarranted additional restriction of the ability of members to freely deal with their shares.

The Board considers that the potential advantages for members of the proportional takeover approval provisions outweigh the potential disadvantages.

As at the date on which this statement was prepared, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

10. Voting Entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (Sydney time) Sunday 26 June 2011. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

11. Interpretation

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

ASIC means the Australian Securities & Investments Commission;

ASX means the ASX Limited;

Business Day means a day on which all banks are open for business generally in Brisbane;

Company means Orion Metals Limited ABN 89 096 142 737(ASX: ORM);

Constitution means the constitution of the Company from time to time;

Corporations Act means the *Corporations Act 2001* (Cth);

Directors means the board of directors of the Company as at the date of the Notice of Meeting being David Barwick, Andrew Gillies, Adrian Day and Tao Li;

Director Options has the meaning given in Section 6 of the Explanatory Memorandum;

Explanatory Memorandum means the explanatory statement accompanying this Notice;

Issue Date means the date of the Meeting or within one (1) month thereafter;

Listing Rules means the official listing rules of the ASX as amended from time to time;

Meeting means the General Meeting to be held on Tuesday 28 June 2011 as convened by the accompanying Notice of Meeting;

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum;

Options has the meaning given in Section 6 of the Explanatory Memorandum;

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of shareholders;

Resolutions means the resolutions set out in the Notice of Meeting;

Shares means fully paid ordinary shares in the Company from time to time;

Shareholder means a shareholder of the Company;

Special Resolution means a resolution that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution at a general meeting of shareholders.

Explanatory Memorandum



Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Bill Lyne (Company Secretary):

Office: 71 Lytton Road, East Brisbane, Queensland 4169

Phone: +61 (0)7 3249 3060 or mobile +61 (0)4 1887 4175

 **By mail:**
Orion Metals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **By fax:** +61 2 9287 0309

 **All enquiries to: Telephone:** (02) 8280 7454



X99999999999

SHAREHOLDER VOTING FORM

I/We being a member(s) of Orion Metals Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **11:00am on Tuesday, 28 June 2011, at Level 7, Waterfront Place, 1 Eagle Street Brisbane, Queensland** and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an **X**

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
Resolution 1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 5 Non-Executive Directors Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr David Barwick as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Issue of shares to Metal Bank Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Election of Dr Tao Li as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL BUSINESS			
Resolution 4 Issue of Director Options to Dr Tao Li	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7 Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Item 5 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Item and that votes cast by him/her for that Item, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 5 and your votes will not be counted in calculating the required majority if a poll is called on this Item.
The Chairman of the Meeting intends to vote undirected proxies in favour of Item 5.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Sunday, 26 June 2011**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:

 **by mail:**
Orion Metals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

 **by fax:**
+61 2 9287 0309

 **by hand:**
delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.