

Supplementary Target's Statement

Orion Metals Limited ACN 096 142 737

In response to the takeover offer by Australia Conglin International Investment Group Pty Ltd 133 767 665 under the Bidder's Statement dated 31 May 2012 and Supplementary Bidder's Statements dated 22 June 2012, 27 June 2012 and 4 July 2012.

The Directors of Orion Metals Limited maintain their recommendation that you ACCEPT the Conglin Group Offer, in the absence of a Superior Offer.

This document contains important information and requires your immediate attention.

If you are in doubt about how to deal with this document, you should consult your legal, financial or other professional adviser immediately.

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Important Notices

This Supplementary Target's Statement is dated 9 July 2012 (**Supplementary Target's Statement**) and is given under Part 6.5, Section 644 of the *Corporations Act* by Orion Metals Limited ACN 096 142 737 (**Orion**) in response to the Supplementary Bidder's Statements dated 22 June 2012, 27 June 2012 and 4 July 2012 which supplement the Bidder's Statement and Offer dated 31 May 2012.

This document is a supplementary statement to, and must be read together with, the Target's Statement dated 15 June 2012 (**Original Target's Statement**).

Investment Decision

Before making a decision whether to accept or reject Conglin Group's Offer for your Orion Shares, you should carefully read the Supplementary Target's Statement and Original Target's Statement in their entirety.

This Supplementary Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of each Orion shareholder. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Orion Shares.

Australian Securities and Investments Commission

A copy of this Supplementary Target's Statement was lodged with ASIC on 9 July 2012. Neither ASIC nor any of its officers take any responsibility for the content of this Supplementary Target's Statement.

Director's Recommendations

The Orion Directors' unanimous recommendation remains to ACCEPT the Offer in the absence of a Superior Offer. Further details are set out in Section 2.

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1. Update to Target's Statement

1.1 Background

Conglin Group is offering under its Bidder's Statement to acquire all of your Orion Shares for consideration of \$0.16 per Orion Share.

Since the Bidder's Statement, Conglin Group have also issued the First Supplementary Bidder's Statement on 22 June 2012, the Second Supplementary Bidder's Statement on 27 June 2012 and the Third Supplementary Bidder's Statement on 4 July 2012.

Orion issued its Target's Statement on 15 June 2012. Since the issue of that Original Target's Statement, Orion has issued the following announcements:

- (a) an announcement on 22 June 2012 (**First Announcement**) postponing the conduct of its annual general meeting (**AGM**) from 22 June 2012 to 4 July 2012;
- (b) an announcement on 27 June 2012 (**Second Announcement**) providing an explanation to shareholders for the postponement of the AGM and announcing arrangements for the conduct of the postponed AGM;
- (c) an announcement on 4 July 2012 (**Third Announcement**) regarding the entry into a new agreement with Ultimate Resources Pty Ltd (**ULT**) dated 4 July 2012 (**Funding Agreement**) in substitution for the Majority Acquisition Agreement previously entered into by Orion with the majority shareholders of ULT; and
- (d) an announcement on 4 July 2012 (**Fourth Announcement**) regarding the results of the AGM.

The purpose of this Supplementary Target's Statement is to update the Target's Statement with respect to these matters.

1.2 Clarification of Defeating Conditions

The Offer is subject to a number of Defeating Conditions as set out in full in section 7.9 of the Bidder's Statement.

The First Supplementary Bidder's Statement and the Second Supplementary Bidder's Statement both operate to clarify the operation of the Defeating Conditions. This clarification was necessary to overcome an inconsistency that became apparent between the Defeating Conditions as described in section 7.9 of the Bidder's Statement and the conditions of the takeover offer as described in the agreed bid terms contained in Schedule 1 of the Bid Implementation Agreement as attached to the announcement of the Offer on 31 May 2012. The Bid Implementation Agreement specifies that it is a condition of the takeover offer that Orion will not issue any new shares in the company **except** for the issue of shares to the shareholders of ULT in accordance with the Acquisition Agreements. However, section 7.9(j)(ii) of the Bidder's Statement prevents Orion from issuing any shares during the period that the takeover offer is open for acceptance but **without** the exclusion for the issue of the shares to the shareholders of ULT under the Acquisition Agreements. It is noted that the issue of these shares under the Acquisition Agreements was subject to shareholder approval under resolution 7 of the notice of meeting for the AGM (**Resolution 7**).

As explained in the First Announcement and the Second Announcement, the Board of Orion was concerned that Orion Shareholders (prior to having the benefit of reviewing the First Supplementary Bidder's Statement and the Second Supplementary Bidder's Statement) may have voted against the issue of shares under Resolution 7 of the AGM, or otherwise voted on a less than fully informed basis, on the basis that the issue of those shares may constitute the

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triggering of a Defeating Condition. Accordingly the Board of Orion postponed the AGM from 22 June 2012 to 4 July 2012 to enable Orion Shareholders to be properly informed of these matters and to vote on Resolution 7 with the benefit of having reviewed the First Supplementary Bidder's Statement and the Second Supplementary Bidder's Statement.

As announced under the Third Announcement and the Fourth Announcement, the entry into the Funding Agreement and the termination of the Majority Acquisition Agreement, leading to the subsequent withdrawal of Resolution 7 at the AGM.

With the termination of the Majority Acquisition Agreement and the withdrawal of Resolution 7, there is no longer a requirement for the issue of shares by Orion to ULT.

1.3 Revised arrangements with Ultimate Resources Pty Ltd

As announced under the Third Announcement, Orion has entered into the Funding Agreement with Ultimate whereby:

- (a) Ultimate will convert the existing loan of \$423,296.38 by Orion into 1,410,988 ordinary fully paid shares in Ultimate; and
- (b) Orion will advance a further \$500,000 to Ultimate on the date of that agreement in return for the issue of 1,666,667 ordinary fully paid shares in Ultimate.

With the entry into the Funding Agreement, the Majority Acquisition Agreement has been terminated and Orion is, consequently, entitled to terminate the Minority Acquisition Agreements.

As announced under the Third Announcement, Conglin Group is also a party to the Funding Agreement and has agreed that it will not rely upon the termination of the Acquisition Agreements and the entry into the Funding Agreement as a breach of the Defeating Conditions under clause 7.9 of the Bidder's Statement.

Accordingly, the current arrangements between Orion and ULT do not operate so as to constitute a breach of any Defeating Conditions under the Offer from Conglin Group.

1.4 Extension of Offer Period

As announced under the Second Supplementary Bidder's Statement, the Offer Period has been extended to 7.00pm (Sydney time) on Thursday 19 July 2012 (unless further extended).

Acceptances of the Offer can be made in accordance with section 7.3 of the Bidder's Statement and section 1.5 of the Original Target's Statement until that date (unless further extended).

1.5 Status of the Conditions

As at the date of this Supplementary Target's Statement, Conglin Group have not confirmed that any of the conditions to the Offer have been satisfied or declared the Offer free from Defeating Conditions.

The relevant interest of Conglin Group in Orion is currently 53.09%.

1.6 Notice of Status of Conditions

Under section 630(1) of the Corporations Act, Conglin Group will give a notice of status of conditions (the **Conditions Notice**) to the ASX and Orion seven days before the end of the Offer Period (as extended).

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If a condition is fulfilled (so that Conglin Group's Offer becomes free of that condition) during the bid period but before the date on which the Conditions Notice is required to be given, Conglin Group must, as soon as practicable, give the ASX and Orion a notice that states that the particular condition has been fulfilled.

2. No Impact on Recommendation of the Directors of Orion

2.1 Directors' Recommendation

After taking into account each of the matters in the Bidder's Statement, the Original Target's Statement, each of the Supplementary Bidder's Statements, and this Supplementary Target's Statement each of your Directors continue to unanimously recommend that you ACCEPT the Offer for the reasons set out in Section 2 of the Original Target's Statement.

2.2 Acceptance of Offer of Orion Directors

Each director of Orion, by whom or on whose behalf Orion Shares are held, has accepted the Offer for all of those Orion Shares held by each of them.

3. Interpretation

3.1 Words used in this Supplementary Target's Statement have the same meaning as in the Target's Statement unless otherwise specified.

3.2 In this Statement unless the contrary intention appears the following words have the following meanings:

Acquisition Agreements means the Majority Acquisition Agreement and the Minority Acquisition Agreements together;

First Supplementary Bidder's Statement means the Supplementary Bidder's Statement dated 22 June 2012 given by Conglin Group on 22 June 2012 in accordance with the provisions of Part 6.5 of the *Corporations Act*;

Majority Acquisition Agreement means the agreement by Orion with the majority shareholders in ULT (holding 63.3% of Ultimate) dated 26 April 2012 to acquire their shares in ULT;

Minority Acquisition Agreements means the agreement by Orion with the minority shareholders in ULT (holding 19.6% of Ultimate) to acquire their shares in ULT;

Original Target's Statement means Target's Statement dated 15 June 2012 given by Orion on 15 June 2012 in accordance with the provisions of Part 6.5 of the *Corporations Act*.

Second Supplementary Bidder's Statement means the Supplementary Bidder's Statement dated 22 June 2012 given by Conglin Group on 27 June 2012 in accordance with the provisions of Part 6.5 of the *Corporations Act*;

Supplementary Bidder's Statements means each of the First Supplementary Bidder's Statement, the Second Supplementary Bidder's Statement and the Third Supplementary Bidder's Statement;

Supplementary Target's Statement means this document;

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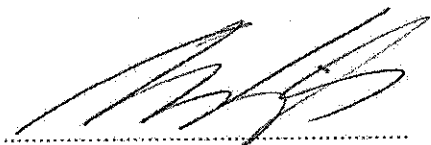
Third Supplementary Bidder's Statement means the Supplementary Bidder's Statement dated 22 June 2012 given by Conglin Group on 4 July 2012 in accordance with the provisions of Part 6.5 of the *Corporations Act*; and

ULT means Ultimate Resources Pty Ltd ACN 128 784 001.

4. Signature

Dated the Ninth day of July 2012.

Signed for and on behalf of Orion Metals Limited ACN 096 142 737 by Mr Andrew Gillies who is authorised so to sign pursuant to a resolution passed at a meeting of the Directors held on 9 July 2012.



Director