

**ORION METALS LIMITED
ACN 096 142 737**

NOTICE OF ANNUAL GENERAL MEETING

2020

incorporating

EXPLANATORY MEMORANDUM

and

VOTING FORM

Date of meeting: Wednesday 29 July 2020
Time of meeting: 11:00am (Brisbane Time)
Place of meeting: BDO
Level 10
12 Creek Street
Brisbane
Queensland

ORION METALS LIMITED
ACN 096 142 737

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 Annual General Meeting of the Shareholders of Orion Metals Limited (**Company**) will be held at 11:00am (Brisbane time) on Wednesday 29 July 2020 at the offices of BDO, Level 10, 12 Creek Street, Brisbane, Queensland.

As a result of the uncertainty and potential health risks created by the rapidly evolving coronavirus (COVID-19) pandemic, the Company encourages Shareholders to lodge a vote (via direct voting or the appointment of a proxy) in advance of the Meeting rather than planning on attending the Meeting in person. To lodge your vote, please follow the directions on your personalised Voting Form that will be enclosed with the letter advising the availability of this Notice of Meeting, delivered to you by email or post (depending on your communications preferences).

The Explanatory Memorandum and Voting Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting. Capitalised terms used in this Notice of Meeting have the meaning given to them in Schedule 1 to the Explanatory Memorandum.

ORDINARY BUSINESS

1. Annual Financial Report

To receive and consider the Annual Financial Report of the Company and the reports of the Directors and Auditors for the year ended 29 February 2020.

2. Resolution 1 – Remuneration Report for the Financial Year ended 29 February 2020

To consider and, if thought fit, to pass the following resolution as an **advisory resolution**:

“That, for the purposes of section 250R of the Corporations Act, the Remuneration Report for the financial year ended 29 February 2020 be adopted.”

Please note that the vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

<p>Voting Exclusion Statement</p> <p>A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:</p> <ul style="list-style-type: none">(1) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or(2) a Closely Related Party of such member, <p>and the Company must disregard any such vote cast on Resolution 1.</p> <p>However, a person described above may cast a vote on Resolution 1, and the Company need not disregard such a vote, if:</p> <ul style="list-style-type: none">(1) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or(2) it is cast by the Chairman of the meeting and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

3. Resolution 2 – Re-election of Yi Yang as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That Yi Yang, who retires by rotation in accordance with Rule 39.1 of the Constitution of the Company and ASX Listing Rule 14.4, being eligible for re-election, be re-elected as a Director of the Company.”

SPECIAL BUSINESS

4. Resolution 3 – Approval of 10% placement capacity increase

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of ASX Listing Rule 7.1A, and for all other purposes, approval is given for the Company to have the additional capacity to issue equity securities in the capital of the Company, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 7.1A, a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder or ordinary securities, if the resolution is passed, and any associates (as defined in the Corporations Act) of those persons, will not be entitled to cast votes in favour of Resolution 3, and the Company must disregard any such vote cast on Resolution 3.

However, the Company need not disregard a vote if:

- (1) 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
- (2) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Resolution 4 – Refresh Proportional Takeover Provisions

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, in accordance with and for the purposes of section 648G of the Corporations Act, the following proportional takeover provisions be reinserted in the Company's Constitution:

"77. TAKEOVER APPROVAL PROVISIONS

*Subject to the provisions of the Corporations Act where offers have been made for shares in the Company under a takeover scheme as defined in the Corporations Act and each such offer relates to a proportion of these shares in the Company included in a class of shares being a proportion that is the same in respect of each offer (herein called **the Takeover Scheme**) the Directors shall refuse to register a transfer giving effect to a contract resulting from the acceptance of any offer pursuant to the Takeover Scheme unless the provisions of this Rule have been complied with:*

- 77.1 the Directors shall convene a Meeting of the Company to be held in accordance with this Constitution on a day which is not less than fifteen (15) days prior to the end of the period during which the offers made pursuant to the Takeover Scheme remain open;*
- 77.2 at the Meeting referred to the members entitled to vote in accordance with Rule 77.3 shall consider and vote on a resolution approving the Takeover Scheme which resolution shall be taken to have been passed if the votes cast in favour of the resolution exceed fifty per centum (50%) of all votes validly passed in respect of the resolution; and*
- 77.3 for the purposes of the resolution referred to a person (other than the offerer under the Takeover Scheme or a person associated within the meaning of the Corporations Act with the offerer) who, as at 5.00pm on the day on which the first offer under the Takeover Scheme was made, held shares included in the class of shares the subject of the Takeover Scheme is entitled to vote and notwithstanding anything contained in this Constitution shall have one vote for each such share held."*

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered. Shareholders should read the Explanatory Memorandum in full.

OTHER BUSINESS

To consider any other business that may lawfully be brought forward.

QUESTIONS AND COMMENTS BY SHAREHOLDERS AT GENERAL MEETING

A reasonable opportunity will be given to Shareholders as a whole at the Meeting to ask questions about or make comments on the Remuneration Report and the management of the Company and to ask the auditors or their representative questions relevant to the conduct of the audit, the preparation and content of their report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and their independence in relation to the conduct of the audit.

BY ORDER OF THE BOARD



Bill Lyne
Company Secretary
Dated: 26 June 2020

VOTING ENTITLEMENT

For the purposes of determining entitlements to vote at the Meeting, the Company's Shares will be taken to be held by the people registered as holders at 7:00pm (Brisbane time) on Monday 27 July 2020. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

PROXIES

Shareholders entitled to attend and vote at the Meeting are entitled to appoint a proxy. The proxy may be an individual or a body corporate.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes such proxy may exercise, each proxy may exercise half of the votes disregarding fractions.

For an appointment of proxy to be valid, the Voting Form and, if the form is signed under a power of attorney or other authority, the authority under which the form is signed (or a certified copy of the authority), must be received at the Company's Share Registry, Link Market Services Limited, in any of the following ways:

- **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 email:** vote@linkmarketservices.com.au

not less than 48 hours prior to the time of commencement of the Meeting or adjourned Meeting, as the case may be, at which the proxy named in the Voting Form proposes to vote (i.e. no later than 11:00am (Brisbane time) on Monday 27 July 2020).

A proxy must be signed by the Shareholder or the Shareholder's attorney duly authorised in writing or, if the Shareholder is a company, in a manner permitted by the Corporations Act. The proxy may, but need not, be a Shareholder.

A Voting Form accompanies this Notice of Meeting. Additional Voting Forms are available on request from the Company's Share Registry.

How undirected proxies held by the Chairman of the meeting will be voted

If you appoint the Chairman of the Meeting as your proxy and you do not specify in the Voting Form the manner in which you wish the Chairman to vote on the Resolutions to be considered at the Meeting, the Chairman intends to vote in favour of all Resolutions. **If you do not direct the Chairman how to vote on Resolution 1, you expressly authorise the Chairman to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman.**

If you appoint the Chairman of the Meeting as your proxy and wish to direct the Chairman how to vote on some or all of the Resolutions to be considered at the Meeting, you must complete the directed proxy part of the Voting Form (Step 2 on the Voting Form).

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on each resolution.

IMPORTANT VOTING RESTRICTIONS

If you are entitled to vote, and you wish to appoint a proxy, you should be aware that if your proxy is a person who is not entitled to vote in their own right, the person may (subject to the Corporations Act) still vote as your proxy but your proxy's vote on your behalf will only be valid if, subject to the comments above in respect of undirected proxies held by the Chairman, you direct your proxy on the Voting Form how to vote and the proxy does vote as directed.

CORPORATE REPRESENTATIVES

A Shareholder that is a body corporate and which is entitled to attend and vote at the Meeting, or a proxy that is a body corporate and which is appointed by a Shareholder entitled to attend and vote at the Meeting, may appoint a person to act as its representative in accordance with section 250D of the Corporations Act. The representative must present satisfactory evidence of his or her appointment prior to admission to the Meeting.

VOTING PROCESS

The Company's Constitution provides that resolutions at a meeting of the Shareholders are to be decided on a show of hands unless a poll is demanded. However, ASX has recommended that, as a matter of proper governance, all substantive resolutions put to Shareholders must now be decided by a poll. The Board considers voting by poll to be in the interests of the Shareholders as a whole and has decided that all resolutions at this year's Meeting will be dealt with in that way.

With a poll each Shareholder, or their proxy, attorney or corporate representative, will be entitled to 1 vote for each 1 Share held or represented. The poll will be conducted by Link Market Services Limited and the outcome should be available before the close of the Meeting and will be announced to the ASX afterwards.

ORION METALS LIMITED
ACN 096 142 737

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in Orion Metals Limited (**Company**) in connection with the business to be considered at the Meeting of Shareholders to be held at 11:00am (Brisbane time) on Wednesday 29 July 2020 at the offices of BDO, Level 10, 12 Creek Street, Brisbane, Queensland.

This Explanatory Memorandum comprises part of the accompanying Notice of Meeting. Capitalised terms are defined in the "Definitions" section at the end of this Explanatory Memorandum.

Details of the business to be considered at this Meeting are set out below.

Purpose of Explanatory Memorandum

The purpose of this Explanatory Memorandum is to provide Shareholders with information which may be relevant to the Resolutions to be put to Shareholders at the Meeting.

1. Annual Financial Report

The first item on the Notice of Meeting deals with the presentation of the Company's Annual Financial Report for the financial year ending 29 February 2020. Shareholders should consider this document and raise any matters of interest with the Directors when this item is being considered.

The Company's Annual Financial Report for the year ended 29 February 2020 is available on the Company's website at www.orionmetals.com.au.

No resolution is required to be moved in respect of this item.

2. Resolution 1: Remuneration Report for the Year ending 29 February 2020

During this item of business, Shareholders at the meeting may comment on and ask questions about the Remuneration Report that appears in the Company's 2020 Annual Report.

Section 300A of the Corporations Act requires the Directors' Report to include a remuneration report containing information about the Board's policy for determining the nature and amount of the remuneration of directors and senior management. The report must also explain the relationship between the remuneration policy and the Company's performance. The disclosure requirements stipulated in section 300A of the Corporations Act have been complied with.

The Corporations Act (sections 250R (2) and 250R (3)) provides that the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company.

3. Resolution 2: Re-election of Director – Yi Yang

Dr Yi Yang was appointed as a Non-Executive Director and Chairman on 22 July 2016 as a nominee of Excellence Holdings, being a major shareholder of the Company.

Rule 39.1 of the Company's Constitution and ASX Listing Rule 14.4 require that Directors must not hold office for in excess of 3 years or past the third annual general meeting following the Director's appointment, whichever is the longer, without resubmitting for re-election. In addition, ASX Listing Rule 14.5 requires that there must be an election of directors each year. Retiring Directors may immediately offer themselves up for re-election. Therefore, Dr Yang retires in accordance with the Constitution and, being eligible, offers himself for election as a Director.

Dr Yi Yang holds a PhD in Philosophy. He was previously a government officer in the Central China Government and is now a director of numerous enterprises in China. He has many years' experience as a fund manager who managed up to RMB1 billion and AUD200 million.

Dr Yang was the founder and Executive Chairman of Beijing Wayield Investment Co., Ltd in 2004 that has financially backed Excellence Holdings in which he has a 50% interest and is a director. Beijing Wayield Investment Co., Ltd is a registered financial institution by the Asset Management Association of China.

Recommendation of Directors

The Directors (other than Dr Yang) unanimously recommend that Shareholders vote in favour of Resolution 2.

4. Resolution 3 – Approval of 10% placement capacity

4.1 Overview of resolution

ASX Listing Rule 7.1A enables eligible entities to have an additional 10% capacity to issue equity securities for cash consideration through placements over a 12 month period after its annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's ability to issue equity securities up to 15% of its issued share capital under ASX Listing Rule 7.1 (**15% Placement Facility**).

For the purposes of ASX Listing Rule 7.1A, an eligible entity is an entity that:

- (1) is not included in the S&P/ASX 300 Index; and
- (2) has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is an eligible entity for the purposes of ASX Listing Rule 7.1A.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility. The exact number of equity securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 4.5).

The effect of Resolution 3 will be to allow the Company to issue equity securities under ASX Listing Rule 7.1A during the 10% Placement Period without Shareholder approval and without reliance on the Company's 15% Placement Facility.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and entitled to vote on the resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

4.2 Description of ASX Listing Rule 7.1A

(a) Shareholder approval

The Company's ability to issue equity securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting of the Company.

(b) Equity securities

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company.

(c) Formulae for calculating 10% Placement Facility

The exact number of equity securities that the Company may issue under the 10% Placement Facility will be calculated according to the following formula (as prescribed by ASX Listing Rule 7.1A.2):

$$(A \times D) - E$$

- A** is the number of shares on issue 12 months before the date of issue or agreement:
- plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
 - plus the number of partly paid shares that became fully paid in the 12 months;
 - plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4, but not including an issue of fully paid shares under the entity's 15% Placement Facility without shareholder approval; and
 - less the number of fully paid shares cancelled in the 12 months.
- D** is 10%
- E** is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

4.3 Minimum issue price

The issue price of equity securities issued under ASX Listing Rule 7.1A must be issued for a cash consideration per security which is not less than 75% of the VWAP of equity securities in the same class calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (1) the date on which the price at which the equity securities are to be issued is agreed; or
- (2) if the equity securities are not issued within 10 ASX trading days of the date in paragraph (1) above, the date on which the equity securities are issued.

4.4 10% Placement Period

The equity securities may be issued under the 10% Placement Facility commencing on the date of the Meeting and expiring on the first to occur of the following:

- (1) the date that is 12 months after the date of the Meeting at which approval is obtained; or
- (2) the time and date of the entity's next annual general meeting; or
- (3) the time and date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main understanding) (after which date, an approval under ASX Listing Rule 7.1A ceases to be valid),

or such longer period if allowed by the ASX (**10% Placement Period**).

4.5 Specific information required in accordance with ASX Listing Rule 7.3A

(a) Risk of voting dilution

Any issue of equity securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted. An example of the potential dilution of the Shareholders' voting power in the Company is shown in the

below table, which example is based on a number of qualifications and assumptions (as set out below).

There is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the date of the issue of the equity securities than on the date of the Meeting; and
- (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date,

which may have an effect on the amount of funds raised by the issue of the equity securities.

The table below shows the potential dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date noted below.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.011 50% decrease in market price	\$0.022 Current market price	\$0.044 100% increase in market price
Current Variable "A" 514,297,443 Shares	Shares issued	51,429,744	51,429,744	51,429,744
	Funds raised	\$565,727.18	\$1,131,454.37	\$2,262,908.74
50% increase in Variable "A" 771,446,164 Shares	Shares issued	77,144,616	77,144,616	77,144,616
	Funds raised	\$848,590.78	\$1,697,181.55	\$3,394,363.10
100% increase in Variable "A" 1,028,594,886 Shares	Shares issued	102,859,488	102,859,488	102,859,488
	Funds raised	\$1,131,454.37	\$2,262,908.74	\$4,525,817.47

The table above uses the following assumptions:

- (i) there are currently 514,297,443 Shares on issue as at the date of this Notice of Meeting;
- (ii) the market price set out above is the closing price of the Shares on the ASX on 24 June 2020;

- (iii) the Company issues the maximum possible number of equity securities under the 10% Placement Facility;
- (iv) the Company has not issued any equity securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1;
- (v) the issue of equity securities under the 10% Placement Facility consists only of Shares;
- (vi) no remaining Options have or will be exercised into Shares before the date of issue of the equity securities;
- (vii) the calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances;
- (viii) this table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1; and
- (ix) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(b) Purpose of issue under 10% Placement Facility

The Company may seek to raise funds by the issue of equity securities under the 10% Placement Facility for the following purposes:

- (i) acquisition of new resources, assets or investments (including expenses associated with such acquisition); or
- (ii) continued exploration and feasibility expenditure on the Company's current assets; or
- (iii) general working capital.

The Company will comply with the disclosure obligations under the ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any equity securities pursuant to the 10% Placement Facility.

(c) Allocation policy under the 10% Placement Facility

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the recipients of equity securities will be determined on a case-by-case basis having regard to factors that include the following:

- (i) the methods of raising funds that are available to the Company, including rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the equity securities on the control of the Company;

- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The recipients of any equity securities issued under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting, but may include existing Shareholders and/or new investors who are not a Related Body Corporate (as that term is defined in the Corporations Act) of the Company or their associates.

If Resolution 3 is approved by Shareholders, the Company may issue equity securities under the 10% Placement Facility during the 10% Placement Period, as and when the circumstances of the Company require.

(d) Previous approval under ASX Listing Rule 7.1A

There have been no previous instances of the Company making an application under ASX Listing Rule 7.1A.

(e) Voting Exclusions

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holders to participate in the issue of the equity securities under the 10% Placement Facility. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Meeting.

Recommendation of Directors

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

5. Resolution 4 – Proportional Takeover Provisions

5.1 Introduction

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

Under section 648G of the Corporations Act, the proportional takeover provisions must be renewed every 3 years or they will cease to have effect. Rule 77 of the Company's Constitution was last renewed at the annual general meeting of the Company held on 20 July 2017. As these provisions will no longer have effect from the third anniversary of this date, being 9 days before the date of the Meeting, they will need to be reinserted in the Constitution for them to continue to apply.

If Resolution 4 is approved, the provisions in Rule 77 will have effect for a further 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 insertion, renewal or reinsertion, of proportional takeover provisions in the Constitution.

5.2 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") involves 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 Shareholders 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.

In order to deal with this possibility, a company may provide in its constitution that:

- (1) 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
- (2) the majority decision of the company's members will be binding on all individual members.

The Directors consider that Shareholders 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 Shareholders 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 Shareholders feeling pressure to accept the bid even if they do not want it to succeed.

5.3 **What is the effect of the proportional takeover approval provisions?**

If a proportional takeover bid is made, the Directors must ensure that Shareholders vote on a resolution to approve the bid more than 14 days before the bid period closes.

The vote is decided on a simple majority. 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. However, the Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on.

The proportional takeover approval provisions do not apply to full takeover bids, and only apply for 3 years after the date they are inserted in the Constitution, or subsequently renewed. As noted above, the provisions may be renewed or reinserted upon the expiry of each 3 year period, but only by a special resolution passed by Shareholders.

5.4 **Potential advantages and disadvantages**

The renewal of the proportional takeover provisions approval will allow the Directors to ascertain Shareholders' 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 Shareholders 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 Shareholders, including appropriate pricing. Similarly, knowing the view of the majority of Shareholders may help individual Shareholders 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 Shareholders to freely deal with their Shares.

The Board considers that the potential advantages for Shareholders 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.

Recommendation of Directors

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

SCHEDULE 1

Definitions

The following words shall have the following meanings in this Notice of Meeting and Explanatory Memorandum:

10% Placement Facility has the meaning given in section 4.1 of this Notice of Meeting.

10% Placement Period has the meaning given in section 4.4 of this Notice of Meeting.

ASX means ASX Limited ACN 008 624 691 or, where applicable, the Australian Securities Exchange operated by ASX.

Board means the Board of Directors of the Company.

Business Day means a day other than a Saturday, Sunday or public holiday in Queensland.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Orion Metals Limited ACN 096 142 737.

Constitution means the constitution of the Company.

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

Director means a director of the Company at the date of this Notice of Meeting.

Excellence Holdings means Excellence Holdings HK Limited.

Explanatory Memorandum means this explanatory memorandum and any schedule to it.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules or **ASX Listing Rules** means the listing rules of ASX.

Meeting means the Annual General Meeting of the Company to be held at 11:00am (Brisbane time) on Wednesday 29 July 2020 at the offices of BDO, Level 10, 12 Creek Street, Brisbane, Queensland.

Notice of Meeting means, unless the context requires otherwise, this document which comprises the Company's Notice of Meeting to be held at 11:00am (Brisbane time) on Wednesday 29 July 2020 at the offices of BDO, Level 10, 12 Creek Street, Brisbane, Queensland and the accompanying Explanatory Memorandum and the Voting Form.

Options means the remaining 30,800,000 options convertible into Shares issued to Excellence Holdings following approval by Shareholders at the Company's general meeting held on 21 December 2018.

Remuneration Report means the Company's remuneration report contained in the Directors' Report.

Resolution means a resolution of the Company set out in this Notice of Meeting.

Shareholder means a shareholder in the Company.

Shares means fully paid ordinary shares in the capital of the Company.

Voting Form means the voting and proxy form attached to the Notice.

VWAP means Volume Weighted Average Price of the Company's ASX listed Shares trading under the code ORM.