

ORION MINERALS GROUP LIMITED

Notice of the 2012 Annual Meeting

**To be held at the Sutherland Room, Quay West, 8 Albert Street, Auckland on
24 December 2012 at 10.00 am.**

Notice is hereby given that the 2012 Annual Meeting of the shareholders of Orion Minerals Group Limited (**OMG** or the **Company**) will be held at the Sutherland Room, Quay West, 8 Albert Street, Auckland on 24 December 2012, commencing at 10 am.

PROXY FORM

Accompanying this document is a proxy form to enable shareholders to vote on the resolutions either by:

- attending the Annual Meeting; or
- appointing a proxy to vote on their behalf at the Annual Meeting.

Shareholders are urged to complete and return the proxy form as soon as possible if they do not plan to attend the Annual Meeting. A shareholder wishing to appoint a proxy should complete the enclosed proxy form and send it to the Share Registrar for OMG, the details of which are provided elsewhere in this Notice of Meeting.

The completed proxy form must be received no later than 48 hours before the meeting is due to begin, in accordance with the instructions in the notes to the proxy form accompanying this Notice.

A shareholder may, if he/she/it wishes, appoint the Chairman of the Annual Meeting as proxy, as described further in the procedural notes to the resolutions.

The Chairman intends to vote any discretionary proxies in favour of resolution 1, 2 and 3, and against resolution 4.

BUSINESS OF THE ANNUAL MEETING

Resolution 1 – Re-election of Mr Jianfeng Shen as a Director – Ordinary Resolution

Mr Jianfeng Shen retires in accordance with the provisions of the Constitution of the Company and, being eligible, offers himself for re-election. Accordingly, the shareholders of Orion Minerals Group Limited are requested to consider and, if thought fit, pass the following resolution as an ordinary resolution:

That Mr Jianfeng Shen be re-elected as a director of Orion Minerals Group Limited.

Resolution 2 – Re-election of Ms Ping Li as a Director – Ordinary Resolution

Ms Ping Li retires in accordance with the provisions of the Constitution of the Company and, being eligible, offers herself for re-election. Accordingly, the shareholders of Orion Minerals Group Limited are requested to consider and, if thought fit, pass the following resolution as an ordinary resolution:

That Ms Ping Li be re-elected as a director of Orion Minerals Group Limited.

Resolution 3 – Re-appointment and Remuneration of Auditors – Ordinary Resolution

The shareholders of Orion Minerals Group Limited are requested to consider and, if thought fit, pass the following resolution as an ordinary resolution:

That PricewaterhouseCoopers be re-appointed as Auditors of the Company under section 200 of the Companies Act 1993, and the Board of Directors of the Company be authorised to fix their remuneration for the forthcoming year.

Resolution 4 – Liquidation of the Company – Special Resolution

The shareholders of Orion Minerals Group Limited are requested to consider and, if thought fit, pass the following resolution as a special resolution:

The Company be placed into liquidation and the net proceeds of liquidation be distributed to shareholders.

Explanatory Notes for Resolution 4 accompany this Notice of Meeting.

PROCEDURAL NOTES

1. Resolutions 1, 2 and 3 are ordinary resolutions. An ordinary resolution is required to be passed by a majority of 50% or more of the votes of those shareholders entitled to vote and voting on that resolution.
2. Resolution 4 is a special resolution. A special resolution is required to be passed by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on that resolution.
3. The persons who will be entitled to vote on the resolutions at the Annual Meeting are those persons who were shareholders at 5.00 pm on 21 December 2012, and only the shares registered in those shareholders' names may be voted at the Annual Meeting, subject to the restrictions on voting set out below.
4. The accompanying proxy form should be used to appoint a proxy to vote if a shareholder cannot attend the Annual Meeting in person. Shareholders can participate by proxy or by casting their vote in person at the Annual Meeting.
5. Any shareholder who is entitled to attend and vote at the Annual Meeting may appoint a proxy to attend and vote in his / her / its place. A shareholder wishing to appoint a proxy should complete the enclosed proxy form and send it to the office of the Company's Share Registrar, Link Market Services Limited in accordance with the requirements contained in the accompanying Proxy Form. The completed proxy form must be received no later than 48 hours before the meeting is due to begin, in accordance with the instructions in the notes to the proxy form accompanying this

Notice. The form allows shareholders to determine whether the proxy votes at the proxy's discretion or votes in accordance with the shareholder's wishes. If the form is returned without a direction as to how the proxy shall vote on any particular resolution, then the proxy will exercise his or her discretion as to whether to vote and if so, how.

6. A proxy does not have to be a shareholder in the Company. A shareholder may appoint the Chairman of the Annual Meeting to act as his / her / its proxy, or another person. The Chairman has advised that it is his intention to vote undirected proxies received by him in favour of resolutions 1, 2 and 3, and against resolution 4.
7. All joint shareholders must sign the proxy form. If the person appointing a proxy is a corporation, the proxy must be signed for and on behalf of that corporation by two directors or otherwise in accordance with the constitution of that corporation. If the proxy form is signed by an attorney, the attorney must have been authorised in writing.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read 'R. Gower', with a long horizontal flourish extending to the right.

Roger Gower
Chairman of Directors

EXPLANATORY NOTES

General

Set out below is further information on the resolutions to be proposed at this Meeting.

Listing Rules and Companies Act 1993

OMG is listed on the NZAX and must comply with the NZAX Listing Rules (**Listing Rules**). In addition, various provisions of the Listing Rules are included in OMG's constitution. The Companies Act 1993 (**Companies Act**), OMG's constitution and the Listing Rules contain specific requirements which are relevant to the resolutions to be considered at the Annual Meeting.

The implications of the Listing Rules, the Companies Act and the constitution insofar as they relate to the resolutions are addressed in the Explanatory Notes to that resolution below.

Resolution 4

OMG has received a notice from Teagardens Limited ("Teagardens"), the holder of approximately 7.89% of the shares of OMG, that, in accordance with section 121 of the Companies Act, Teagardens required the Directors of OMG to convene a meeting of shareholders. The business required by Teagardens to be considered was the proposed liquidation of the Company and the distribution of the net proceeds of liquidation to the OMG shareholders.

Section 121 of the Companies Act 1993 permits a holder of not less than 5% of the total number of shares on issue in the Company to call a meeting of shareholders. In addition section 241(2)(a) of the Companies Act 1993 provides that the shareholders of the Company may, by special resolution, approve the liquidation of the Company.

Accordingly, the resolution which was the subject of the requisition from Teagarden has been incorporated into the business of OMG to be considered and voted on at this Annual Meeting.

In addition to the requisition, Teagardens also requested that the following statement as to its reasons for requisitioning the meeting, accompany this Notice of Meeting:

"The meeting is called following the requisition by Teagardens Limited, a shareholder holding 7.89% of the issues share capital and voting rights of the Company, to put the special resolution for winding up the Company. Teagardens Limited considers that it is appropriate to liquidate the Company for the following reasons:

- 1. There is no business case for the Company continuing to exist.*
- 2. The Company has no business. It is simply a shell company whose only asset is a relatively small amount of cash. Its history is marked by failure of business ventures. Shareholders can have no confidence that any "new" venture will fare better. History dictates further loss.*
- 3. The maintenance of the Company in these circumstances has no benefit for shareholders. The costs of the continuing administration of the Company including listing fees and directors fees is to the direct cost of the shareholders diminishing the only asset in which they have any interest;*
- 4. Shareholders can quite reasonably have no confidence in the prospect of a "new" business venture which given its history will be at the expense of shareholder funds;*
- 5. Shareholders will be much better off receiving their pro rat entitlement to the net cash assets following liquidation."*

The Board's response to the Teagardens narrative

The Board wishes to make the following observations about the narrative required to be inserted into this Notice of Meeting by Teagardens:

1. To date the Company has invested in only one initiative – Minera Varry Minerals Limited. That business was not successful, but the cost to OMG and its shareholders was significantly mitigated by the cancellation of the majority of shares previously issued to the vendor of the Minera Varry business, and the Board has successfully retained a significant amount of cash;

2. The Company currently holds approximately NZD\$10 million of cash in its bank account as at the date of this Notice of Meeting. The only asset of the Company currently is cash. The OMG Board considers that this is a significant sum of money in the context of the Company;
3. The Board is not of the view that "History dictates failure". The Board considers it appropriate to safeguard the Company's cash and to not commit it to any venture that it is not comfortable in investing into. To date it is yet to find a suitable investment opportunity into which to invest into. The Board continues to investigate other opportunities for investment by the Company.

Historical context of OMG

The Board has spent the past 24 months looking for new opportunities which are in the best interests of the shareholders of OMG.

Consequences of Liquidation

Currently the Company has approximately NZD\$10 million of cash in the bank as at the date of this Notice of Meeting. In the event that Resolution 4 was approved, and assuming liquidation costs were in the vicinity of, say \$50,000 (which sum includes the costs of the liquidator, share registry expenses and collateral administration expenses such as postage and printing communications to shareholders), the amount of surplus cash available for distribution to shareholders would be NZD\$9,950,000. This would equate to a distribution to shareholders of approximately NZD 2.4 cents per share. As at the date of this Notice the available information confirms that shares in OMG last traded at 2.2 cents per share. However, it is important to note that the last trade in OMG shares occurred several months ago, and the volume of OMG shares traded in the last 24 months has been very low.

In the event that resolution 4 is passed, then it will be incumbent on the Board to commence the liquidation process. As part of this process the Board would seek to appoint a liquidator to facilitate the liquidation process. It is likely that the liquidator would proceed to de-list the Company from the NZAX. There is a de-listing fee of \$16,100 plus GST payable to NZX Limited, which sum is in addition to the projected liquidation costs referred to in the preceding paragraph.

In the event that resolution 4 is not passed, then the Board will continue to investigate business opportunities that may arise from time to time with a view to identifying a suitable opportunity for the Company to invest in.

Board recommendation

It is the opinion of the Board of OMG that the shareholders of OMG are best served in the mid to long term by seeking to find an appropriate business opportunity to invest in, or to undertake.

The Board of OMG understands that the two other significant shareholders of OMG, namely Marvel Fantasy Limited and Fengli Group (Hong Kong) Co. Limited, will vote against the resolution proposed by Teagardens. Mr Shi, Mr Shen and Ms Li, who are directors of the Company, are also related to Fengli Group.

Marvel Fantasy holds 100 million shares in the Company representing 24.123% of the total number of shares on issue.

Fengli Group holds 125 million shares in the Company representing 30.153% of the total number of shares on issue.

In the event that these two shareholders do in fact vote against Resolution 4, then Resolution 4 will not be capable of being approved. The decision as to whether Marvel Fantasy and Fengli Group vote in favour of against resolution 4 is entirely at the discretion of each of those parties.

The Board do not believe that the liquidation of OMG is in the best interests of OMG or all of its shareholders.

The Board's recommendation is to not vote in favour of Resolution 4.