

ORION MINERALS GROUP LIMITED

Notice of Special Meeting

**To be held at the Auckland Club, 34 Shortland Street, Auckland on Wednesday 24 March 2010, at
10.00 am.**

IMPORTANT INFORMATION

Notice is hereby given that a Special Meeting of the shareholders of Orion Minerals Group Limited (the Company) will be held at the Auckland Club, 34 Shortland Street, Auckland on Wednesday 24 March 2010, at 10.00 am.

The business to be considered at the Special Meeting is to obtain shareholder approval for the implementation of a significant capital restructure which has been negotiated and endorsed by the Board of the Company, subject to shareholder approval.

The prospective capital restructure comprises the acquisition, and subsequent cancellation of 510,000,000 shares in the Company held by Inversiones Barriga S.A (“Inversiones”). The consideration for the acquisition of those shares will be satisfied by the transfer to Inversiones of 100% of the shares held by the Company in Minera Varry S.A, a Chilean company which holds the Javiera mining prospect.

The settlement of the capital restructure is conditional upon all of resolutions 1, 2, 3 and 4 being approved, and accordingly resolutions 1, 2, 3 and 4 are conditional upon all of those resolutions being approved (as set out in the introduction to the Explanatory Notes).

The Explanatory Notes which accompany this Notice of Meeting set out the details of the transactions which are the subject of the resolutions and the approval required for each resolution by the shareholders of the Company pursuant to the NZAX Listing Rules (“Listing Rules”), the Takeovers Code, the Companies Act 1993 and the constitution of the Company .

PROXY FORM

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

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

Shareholders are urged to complete and return the proxy form as soon as possible if they do not plan to attend the Special Meeting. A shareholder wishing to appoint a proxy should complete the enclosed proxy form and send it to the office of the Share Registrar, Link Market Services Limited. 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 Special Meeting as proxy, as described further in the procedural notes to the resolutions. .

BUSINESS OF THE SPECIAL MEETING

Resolution 1 – Buy back of 510,000,000 shares in the Company from Inversiones Barriga S.A – ordinary resolution

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

That, subject to the approval of Resolutions 2, 3 and 4:

- (a) the Company buy back and cancel 510,000,000 shares in the Company held by Inversiones Barriga S.A in consideration for the Company transferring all of the shares on issue in Minera Varry S.A to Inversiones Barriga S.A, in accordance with the share sale deed entered into between the Company and Inversiones Barriga S.A (“the Deed”); and*
- (b) the Directors be authorised to take all action, do all things and execute all documents and agreements necessary or considered by them to be expedient to give effect to the buy back and the terms of the Deed.*

Further information concerning this resolution is provided in the Explanatory Notes to this Notice of Meeting.

Resolution 2 - Ordinary Resolution – Approval pursuant to Takeovers Code: Increase of Minera Varry Minerals Limited’s percentage of voting rights in the Company – ordinary resolution

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

That, subject to the approval of Resolutions 1, 3 and 4, pursuant to clause 4 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001, shareholders approve the buy back referred to in Resolution 1 and approve Minera Varry Minerals Limited increasing its percentage of voting rights held or controlled in the Company to a maximum percentage of 41.12%, that results from the buy back and cancellation by the Company of 510,000,000 shares in the Company held by Inversiones Barriga S.A, in accordance with Resolution 1.

Further information concerning this resolution is provided in the Explanatory Notes to this Notice of Meeting.

Resolution 3 - Ordinary Resolution – Approval pursuant to Takeovers Code: Increase of Fengli Group (Hong Kong) Co. Limited’s percentage of voting rights in the Company – ordinary resolution

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

That, subject to the approval of Resolutions 1, 2 and 4, pursuant to clause 4 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001, shareholders approve the buy back referred to in Resolution 1 and approve Fengli Group (Hong Kong) Co. Limited (together with its upstream controllers Fengli Group Co Limited and Mr Yueming Wu) increasing its aggregated percentage of voting rights held or controlled in the Company to a maximum percentage of 30.15%, that results from the buy back and cancellation by the Company of 510,000,000 shares in the Company held by Inversiones Barriga S.A, in accordance with Resolution 1.

Further information concerning this resolution is provided in the Explanatory Notes to this Notice of Meeting.

Resolution 4 - Ordinary Resolution – Approval pursuant to Takeovers Code: Increase of Marvel Fantasy Limited’s percentage of voting rights in the Company – ordinary resolution

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

That, subject to the approval of Resolutions 1, 2 and 3, pursuant to clause 4 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001, shareholders approve the buy back referred to in

Resolution 1 and approve Marvel Fantasy Limited (together with its upstream controller Mr Ke Di) increasing its aggregated percentage of voting rights held or controlled in the Company to a maximum percentage of 24.12%, that results from the buy back and cancellation by the Company of 510,000,000 shares in the Company held by Inversiones Barriga S.A, in accordance with Resolution 1.

Further information concerning this resolution is provided in the Explanatory Notes to this Notice of Meeting.

Procedural Notes

1. The resolutions are all 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. The persons who will be entitled to vote on the resolutions at the Special Meeting are those persons who were shareholders at 5.00 pm on Tuesday 23 March 2010, and only the shares registered in those shareholders' names may be voted at the Special Meeting, subject to the restrictions on voting set out below.
3. Inversiones Barriga S.A is restricted from voting on resolution 1. Minera Varry Minerals Limited is restricted from voting on resolution 2. Fengli Group (Hong Kong) Co. Limited is restricted from voting on resolution 3. Marvel Fantasy Limited is restricted from voting on resolution 4. In addition, any person that is associated with a person that is restricted from voting on a resolution is also restricted from voting on that resolution.
4. The accompanying proxy form should be used to appoint a proxy to vote if a shareholder cannot attend the Special Meeting in person. Shareholders can participate by proxy or by casting their vote in person at the Special Meeting. Discretionary (including undirected) proxies given to disqualified persons or their Associated Persons will not be valid.
5. Any shareholder who is entitled to attend and vote at the Special 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 Special 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 the resolutions set out above.
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.
8. This Notice of Special Meeting has been approved by the NZX in accordance with NZAX Listing Rule 6.1.1.

By Order of the Board

Auckland
1 March 2010

EXPLANATORY NOTES

A summary of, and the reasons for, the resolutions are set out at the front of this Notice under the heading "Important Information". These Explanatory Notes give more detail in relation to each resolution to be voted on by shareholders at the Special Meeting.

Listing Rules, Takeovers Code, Companies Act and Constitution

The Company is listed on the New Zealand Alternative Market and must comply with the Listing Rules. In addition, various provisions of the Listing Rules are included in the constitution of the Company. The Companies Act, the Takeovers Code, the constitution of the Company and the Listing Rules contain specific requirements which are relevant to the resolutions comprised in this Notice. The implications of the Listing Rules, the Takeovers Code, the Companies Act and the constitution, insofar as they relate to each resolution, are addressed in these Explanatory Notes.

Conditionality of Resolutions

Settlement of the Transaction is conditional upon the transactions contemplated in Resolutions 1 to 4 of this Notice being approved. Accordingly, all of resolutions 1 to 4 are conditional upon all of those resolutions being approved. **In the event that any one or more of resolutions 1 to 4 are not approved, then none of those transactions contemplated within the resolutions will proceed.**

RESOLUTION 1 – BUY BACK OF 510,000,000 SHARES IN THE COMPANY FROM INVERSIONES BARRIGA S.A – ORDINARY RESOLUTION

Background

The Company has determined that the Javiera mining concession owned by Minera Varry S.A, a wholly owned subsidiary of the Company, will be more expensive to mine than originally contemplated by the executive of Minera Varry S.A., and that the Javiera concession will ultimately be uneconomic to develop in its current form.

As a consequence of this development, the independent directors of the Company entered into discussions with Inversiones Barriga S.A ("Inversiones"), the single largest shareholder of the Company and the party who originally vended the shares in Minera Varry S.A ("MV Shares") to the Company in December 2008, with a view to reconciling both party's economic interests in respect of the original transaction in an equitable manner. Inversiones Barriga S.A is an entity associated with Francisco Barriga, a former director of the Company.

As a consequence of those discussions the Company entered into arrangements with Inversiones and Mr Barriga. The principal terms of those arrangements were that the Company agreed to acquire 510,000,000 shares in the Company from Inversiones Barriga S.A ("Inversiones Shares"). In consideration for the acquisition of the Inversiones Shares, the Company has agreed to transfer the MV Shares to Inversiones.

The Board of the Company believes that:

- The Company's limited financial resources are best focused on exploiting alternative prospects beyond the Javiera prospect held by Minera Varry S.A;
- The arrangement is in the best interests of the Company and its non interested shareholders, because the share capital of the Company will be reduced by 510 million shares in consideration for the disposal of an asset which has little or no value to the Company;
- The effective cost to the Company in acquiring the Inversiones Shares is nil given that the consideration which the Company is satisfying the purchase price for the Inversiones Shares with, namely the MV Shares, has nil value in the opinion of the Board. The MV Shares were originally acquired by the Company in consideration for the Company issuing shares in the Company having an aggregate value of NZ\$99,556,647, together with the payment of USD\$1 million in cash, and the issue of 20 million options to acquire new shares in the Company, which options have subsequently lapsed;

- The economic interests of the non interested shareholders in the remaining assets of the Company and its subsidiaries would increase as a consequence of the significant reduction in share capital.

In the event that the transaction is completed then:

- The Company will transfer the MV Shares to Inversiones;
- The Company will acquire the Inversiones Shares and cancel them;
- The Company will continue to lease its office premises in Santiago and the regional office in Copiapo, in Northern Chile;
- The Company will own numerous vehicles and plant and equipment;
- The Company will hold the rights to investigate and exploit the Resguardo prospect, the Pelicano prospect and the Don Francisco prospect.

Approvals Sought

The Company seeks the approval of shareholders to buy back the Inversiones Shares. The Board intends to cancel the Inversiones Shares following their acquisition by the Company.

If the shareholders approve this buy back, and resolutions 2, 3 and 4 are approved, then Inversiones Barriga S.A will be permitted to proceed to purchase all of the shares held by the Company in Minera Varry S.A. The Inversiones Shares to be acquired by the Company will comprise part of the consideration payable by Inversiones to the Company on account of the purchase consideration.

The Board has resolved that the acquisition and the cancellation of the Inversiones Shares is of benefit to the remaining shareholders of the Company, and the terms of the Share Sale Deed are fair and reasonable to the remaining shareholders.

Resolution Required

Listing Rules 7.6.1(d) and 7.6.5 permit the Company to acquire equity securities of the Company if the terms and conditions of the proposal to acquire the equity securities have been approved by a resolution of shareholders of the Company.

Listing Rule 9.2.1 provides that an NZAX Issuer shall not enter into a material transaction with a Related Party unless the material transaction is approved by an ordinary resolution of the NZAX Issuer. For the purposes of Listing Rule 9.2.1, Inversiones is a “Related Party” of the Company given it is a substantial securityholder of the Company, and also having regard to the fact that Francisco Barriga, until recently a director of the Company, is also a director and an Associated Person of Inversiones. A certificate of directors as required by Listing Rule 9.2.1 is set out in Appendix 1 to this Notice.

Timeframe for completion of acquisition

Listing Rule 7.6.6 requires that the acquisition by the Company of its own shares must be completed within 12 months from the passing of the resolution.

Collateral arrangements

In addition to the sale of the MV Shares to Inversiones and the acquisition by the Company of the Inversiones Shares, the contractual arrangements between the Company, Inversiones and Mr Barriga also provide for the following matters:

Right of first refusal on sale of MV Shares or Javiera concession

Following the completion of the transactions contemplated in this Notice, should:

1. Inversiones wish to sell its interest in the MV Shares; or

2. Minera Varry S.A (“Minera Varry”) wish to sell the Javiera Concession held by Minera Varry S.A,

then Inversiones must first, and Inversiones and Mr Barriga must procure Minera Varry (as the case may be) to first:

3. Give to the Company written notice (“Offer Notice”) of its intention to sell the MV Shares or the Javiera Concession (as the case may be);
4. The written notice shall specify the price, terms and conditions upon which the MV Shares or the Javiera Concession (as the case may be) is to be sold;
5. The Company shall have 60 Business Days from the date of receipt by it of the Offer Notice within which to advise Inversiones that it accepts the purchase price, terms and conditions and agrees to purchase the MV Shares or the Javiera Concession (as the case may be) in accordance with the Offer Notice. Acceptance of Inversiones’ purchase price terms and conditions must be made in writing and delivered to Inversiones within the 60 Business Day period;
6. In the event of the Company exercising its right to purchase the MV Shares or the Javiera Concession (as the case may be) in accordance with the terms of the Offer Notice then the MV Shares or the Javiera Concession (as the case may be) shall be sold to the Company within 60 Business Days of the date of the Company’s acceptance unless otherwise provided in the Offer Notice or otherwise as maybe agreed to in writing by the parties;
7. In the event of the Company failing to accept the terms of the Offer Notice within the time period and in accordance with the manner herein specified (time being of the essence) then Inversiones shall be free to sell the MV Shares or the Javiera Concession (as the case may be) to any third party but on no less favourable terms to the purchaser than those specified in the Offer Notice;
8. Should Inversiones agree to sell the MV Shares or the Javiera Concession (as the case may be) to a third party on more favourable terms to the purchaser than those specified in the Offer Notice then Inversiones shall be bound to re-offer the MV Shares or the Javiera Concession (as the case may be) to the Company on the more favourable terms and the provisions of this clause shall apply to such reoffering with one modification only, namely, that the time period within which the Company shall reply shall be reduced from 60 Business Days to 30 Business Days time in that respect to be of the essence.

Right of first refusal to mine the Javiera Concession

Following the completion of the transactions contemplated in this Notice, should:

1. Minera Varry propose to undertake mining activities from the Javiera Concession; or
2. Minera Varry propose to lease the Javiera Concession to a third party,

(together referred to as the “Activities”) then Inversiones and Mr Barriga must procure Minera Varry to first:

3. Give to the Company written notice (“Offer Notice”) of its intention to undertake either of the Activities;
4. Offer to lease the Javiera Concession to the Company on terms no less favourable to the Company as those afforded to CMV within the lease in respect of the “Resguardo” mine between CMV and Southern Copper Corporation (“New Javiera Lease”);
5. The written notice shall specify the terms and conditions upon which the New Javiera Lease is to be given to the Company;

6. The Company (or its nominee) shall have 60 Business Days from the date of receipt by it of the Offer Notice within which to advise Minera Varry that it accepts the terms of the New Javiera Lease and agrees to enter into the New Javiera Lease in accordance with the Offer Notice. Acceptance of the New Javiera Lease terms and conditions must be made in writing and delivered to Minera Varry within the 60 Business Day period;
7. In the event of the Company (or its nominee) exercising the right to enter into the New Javiera Lease in accordance with the terms of the Offer Notice then the New Javiera Lease shall be entered into by the Company (or its nominee) and Minera Varry within 60 Business Days of the date of the Company's (or its nominee's) acceptance unless otherwise provided in the Offer Notice or otherwise as maybe agreed to in writing by the parties;
8. In the event of the Company failing to accept the terms of the Offer Notice within the time period and in accordance with the manner herein specified (time being of the essence) then Minera Varry shall be free to undertake the Activities.

Collateral Arrangements

Inversiones and Mr Barriga (as the case may be) are required to transfer, or procure the transfer, to the Company, or the Company's nominee, the following assets, together with all rights attaching thereto, free from all Security Interests:

1. The on demand loans owing by Contractual Minera Varry and Orion Group Holding Limitada to Inversiones, Mr Barriga and any party associated with either or both of Inversiones and Mr Barriga will be transferred to the Company at no additional cost. Following the completion of the transactions, neither of the Company's wholly owned subsidiaries, namely Contractual Minera Varry and Orion Group Holding Limitada will owe Mr Barriga nor any party associated with Mr Barriga any moneys in respect of these loans;
2. Mr Barriga, through Sociedad Minera Halcón Limitada, will transfer to the Company or its nominee the mining property "Pelicano 1 to 10", located in the third Región of Atacama, province of Copiapó, which its mining manifestation is inscribed in fojas 5.999 back side, number 4.697 of the Registry of mining discoveries of Copiapó of the year 2007 ("Pelicano Mine"). Halcon and Barriga will undertake all actions necessary to transfer the Pelicano Mine to the Company. Given the Pelicano property relates to a prospect only, the Board has attributed no value to the Pelicano property to be transferred to the Company.
3. The contract to use the "Caldera Port", signed between "Minera Varry S.A" and "Puerto Caldera S.A. and others", signed on October the 7th 2008. This contract is already an asset of the OMG Group, and is being assigned out of Minera Varry S.A to one of the Company's wholly owned subsidiaries. The principal terms of the contract provide that the company has contracted access in the period outside the export fruit period (December-February). The Board has attributed no value to the contract to use the Caldera Port given the Company has yet to secure iron ore reserves to exploit and to ultimately ship via the Caldera Port.

Sociedad Minera Halcón Limitada (being an associate company of Mr Barriga) has granted to one of the Company's wholly owned subsidiaries a lease to mine the Don Francisco Concession, the terms of which are no less favourable to the Company as those afforded to CMV within the lease in respect of the "Resguardo" mine between CMV and Southern Copper Corporation ("Resguardo Lease"). Given the Don Francisco Concession relates to a prospect only, the Board has attributed no value to the Don Francisco Concession leased to the Company.

Settlement of Transaction

Settlement of the Transaction is scheduled to take place shortly after the date upon which the conditions in the Agreement are satisfied. The Company will provide further announcements regarding the satisfaction of the outstanding conditions precedent in the Agreement in due course.

Structure of the Company post completion of the Buyback of the Inversiones Shares

In the event that:

- (a) this resolution and the other resolutions in this Notice of Meeting are passed;

- (b) the various transactions contemplated in this Notice are settled;
- (c) the Inversiones Shares are bought back and cancelled by the Company,

the position regarding the Equity Securities on issue in the Company is envisaged to be as follows:

Security holder	Number and percentage of total number of shares on issue in the Company as at the date of this Notice		Number and percentage of total number of shares on issue in the Company <u>post</u> completion of the transactions contemplated in Resolution 1	
Inversiones Barriga S.A	510,000,000	55.16%	Nil	
Minera Varry Minerals Limited	170,451,790	18.44%	170,451,790	41.12%
Fengli Group (Hong Kong) Co. Limited	125,000,000	13.52%	125,000,000	30.15%
Marvel Fantasy Limited	100,000,000	10.82%	100,000,000	24.12%
Other Shareholders	19,098,210	2.066%	19,098,210	4.61%
Total	924,550,000	100%	414,550,000	100%

Resolutions conditional

Settlement of the Transaction is conditional upon the transactions contemplated in Resolutions 2, 3 and 4 of this Notice being approved. Accordingly, all of resolutions 2, 3 and 4 are conditional upon all of those resolutions being approved. In the event that any one or more of resolutions 2, 3 or 4 are not approved, then none of those transactions contemplated within the resolutions will proceed.

In the event that Resolution 1 is not approved, then the Directors will withdraw resolutions 2, 3 and 4 from the agenda of the Meeting.

RESOLUTION 2 – APPROVAL PURSUANT TO TAKEOVERS CODE: INCREASE OF MINERA VARRY MINERALS LIMITED’S (“MVM”) PERCENTAGE OF VOTING RIGHTS IN THE COMPANY – ORDINARY RESOLUTION

Takeovers Code

Rule 6 of the Takeovers Code prohibits an increase in the percentage of voting rights of persons held or controlled, together with their associates, in a Code Company above 20%, except as provided in Rule 7.

As at the date of this Notice, MVM holds 170,451,790 ordinary shares in the Company, representing 18.44% of the total number of ordinary shares on issue in the Company. Following the completion of the following the buy back and cancellation by the Company of the Inversiones Shares, in accordance with Resolution 1, MVM’s percentage holding will increase from 18.44% to 41.12%.

Clause 4 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001 (“Exemption Notice”) provides that MVM will be exempted from Rule 6(1) of the Code, essentially permitting MVM to increase its percentage holding in the Company above its current holding following the completion of the buyback

provided that the conditions in clause 4(2) of the Exemption Notice are satisfied. The principal requirements of the Exemption Notice that are required to be satisfied are:

- (a) the disclosure of the information contained in these Explanatory Notes and Appendix 2; and
- (b) the provision of an independent adviser's report to all shareholders of the Company, a copy of which report accompanies this Notice; and
- (c) the approval of the non interested shareholders of the Company to the proposed increase in maximum voting percentage by an ordinary resolution.

Accordingly, in Resolution 2 shareholders are being asked to approve MVM increasing its aggregated percentage of voting rights held or controlled in the Company to the percentage that results from the buy back and cancellation by the Company of the Inversiones Shares to a maximum percentage of 41.12%.

There are no upstream controllers of MVM. However there are a number of beneficial owners upstream of MVM for whom the shares in the Company are held on trust for by MVM, The identity of those holders are as follows:

- Minera Varry Minerals Limited
- Townsely, Paul
- Cornejo, Carlos Orlando Alarcón
- Ubilla, Walter Rodrigo Campbell
- López, Alejandra Merino
- López, Luis Ignacio Merino
- Ballyroney Family Trust
- Seagar, Grant
- Focas, Demetrius
- Lorrette Park Trust
- Laddara Pty Ltd
- DPC Administration Pty Ltd
- Gibson, Donald Mackenzie, Judith Estelle Burson and Demarche Limited
- McConnell, Sheryl
- Choy, Warwick
- Wikeley, K D
- Lyte, Anthony Kenneth
- Troy Mobbs
- John Collins
- Andrew P Steele
- Dmitriy Birukov
- Debbie Price
- Codrington Trust (Grant Seagar)
- David Metcalf
- S Reade [Spheera Super fund]
- Richard Cashmore
- Callum Rowe
- Mike Maroney Ballymore Stables
- Nortle Limited
- P Hudson
- APZ Limited
- Juliana Xhu
- Huang Haodong
- Du Li

Directors' Recommendation

All of the directors of the Company recommend approval of Resolution 2 and approve the buyback of the Inversiones Shares. The reasons for this recommendation are that:

- (a) The buyback of the Inversiones Shares will enable the Company to settle the sale of the MV Shares;
- (b) The directors believe that the acquisition of the Inversiones Shares is in the best interests of the Company and its non interested shareholders, because the share capital of the Company will be reduced by 510 million shares in consideration for the disposal of an asset (namely the shares in Minera Varry S.A) which has little or no value to the Company;
- (c) The economic interests of the non interested shareholders in the remaining assets of the Company and its subsidiaries would increase as a consequence of the significant reduction in share capital.
- (d) The Directors consider that the purchase terms whereby the Company sells the MV Shares in consideration for the buyback of the Inversiones Shares are fair to the Company.

Pursuant to Rule 18 of the Code, a report from Campbell McPherson, the independent adviser approved by the Takeovers Panel, on the merits of the prospective transaction accompanies this Notice of Meeting.

Appendix 2 sets out the specific disclosures required by clause 4 of the Exemption Notice.

RESOLUTION 3 - ORDINARY RESOLUTION – APPROVAL PURSUANT TO TAKEOVERS CODE: INCREASE OF FENGLI GROUP (HONG KONG) CO. LIMITED’S (“Fengli”) PERCENTAGE OF VOTING RIGHTS IN THE COMPANY – ORDINARY RESOLUTION

Takeovers Code

Rule 6 of the Takeovers Code prohibits an increase in the percentage of voting rights of persons held or controlled, together with their associates, in a Code Company above 20%, except as provided in Rule 7.

As at the date of this Notice, Fengli holds 125,000,000 ordinary shares in the Company, representing 13.52% of the total number of ordinary shares on issue in the Company. Following the completion of the following the buy back and cancellation by the Company of the Inversiones Shares, in accordance with Resolution 1, Fengli’s percentage holding will increase from 13.52% to 30.15%.

Clause 4 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001 (“Exemption Notice”) provides that Fengli will be exempted from Rule 6(1) of the Code, essentially permitting Fengli to increase its percentage holding in the Company above its current holding following the completion of the buyback provided that the conditions in clause 4(2) of the Exemption Notice are satisfied. The principal requirements of the Exemption Notice that are required to be satisfied are:

- (a) the disclosure of the information contained in these Explanatory Notes and Appendix 2; and
- (b) the provision of an independent adviser’s report to all shareholders of the Company, a copy of which report accompanies this Notice; and
- (c) the approval of the non interested shareholders of the Company to the proposed increase in maximum voting percentage by an ordinary resolution.

Accordingly, in Resolution 3 shareholders are being asked to approve Fengli (and its upstream controllers Fengli Group Co Limited and Mr Yueming Wu) increasing its aggregated percentage of voting rights held or controlled in the Company to the percentage that results from the buy back and cancellation by the Company of the Inversiones Shares to a maximum percentage of 30.15%.

Directors’ Recommendation

All of the directors of the Company recommend approval of Resolution 3 and approve the buyback of the Inversiones Shares. The reasons for this recommendation are that:

- (a) The buyback of the Inversiones Shares will enable the Company to settle the sale of the MV Shares;

- (b) The directors believe that the acquisition of the Inversiones Shares is in the best interests of the Company and its non interested shareholders, because the share capital of the Company will be reduced by 510 million shares in consideration for the disposal of an asset (namely the shares in Minera Varry S.A) which has little or no value to the Company;
- (c) The economic interests of the non interested shareholders in the remaining assets of the Company and its subsidiaries would increase as a consequence of the significant reduction in share capital.
- (d) The Directors consider that the purchase terms whereby the Company sells the MV Shares in consideration for the buyback of the Inversiones Shares are fair to the Company.

Pursuant to Rule 18 of the Code, a report from Campbell McPherson, the independent adviser approved by the Takeovers Panel, on the merits of the prospective transaction accompanies this Notice of Meeting.

Appendix 2 sets out the specific disclosures required by clause 4 of the Exemption Notice.

RESOLUTION 4 - ORDINARY RESOLUTION – APPROVAL PURSUANT TO TAKEOVERS CODE: INCREASE OF MARVEL FANTASY LIMITED’S (“Marvel”) PERCENTAGE OF VOTING RIGHTS IN THE COMPANY – ORDINARY RESOLUTION

Takeovers Code

Rule 6 of the Takeovers Code prohibits an increase in the percentage of voting rights of persons held or controlled, together with their associates, in a Code Company above 20%, except as provided in Rule 7.

As at the date of this Notice, Marvel holds 100,000,000 ordinary shares in the Company, representing 10.82% of the total number of ordinary shares on issue in the Company. Following the completion of the following the buy back and cancellation by the Company of the Inversiones Shares, in accordance with Resolution 1, Marvel’s percentage holding will increase from 10.82% to 24.12%.

Clause 4 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001 (“Exemption Notice”) provides that Marvel will be exempted from Rule 6(1) of the Code, essentially permitting Marvel to increase its percentage holding in the Company above its current holding following the completion of the buyback provided that the conditions in clause 4(2) of the Exemption Notice are satisfied. The principal requirements of the Exemption Notice that are required to be satisfied are:

- (a) the disclosure of the information contained in these Explanatory Notes and Appendix 2; and
- (b) the provision of an independent adviser’s report to all shareholders of the Company, a copy of which report accompanies this Notice; and
- (c) the approval of the non interested shareholders of the Company to the proposed increase in maximum voting percentage by an ordinary resolution.

Accordingly, in Resolution 4 shareholders are being asked to approve Marvel (and its upstream controller Mr Ke Di) increasing its aggregated percentage of voting rights held or controlled in the Company to the percentage that results from the buy back and cancellation by the Company of the Inversiones Shares to a maximum percentage of 24.12%.

Directors’ Recommendation

All of the directors of the Company recommend approval of Resolution 4 and approve the buyback of the Inversiones Shares. The reasons for this recommendation are that:

- (a) The buyback of the Inversiones Shares will enable the Company to settle the sale of the MV Shares;
- (b) The directors believe that the acquisition of the Inversiones Shares is in the best interests of the Company and its non interested shareholders, because the share capital of the Company

will be reduced by 510 million shares in consideration for the disposal of an asset (namely the shares in Minera Varray S.A) which has little or no value to the Company;

- (c) The economic interests of the non interested shareholders in the remaining assets of the Company and its subsidiaries would increase as a consequence of the significant reduction in share capital.
- (d) The Directors consider that the purchase terms whereby the Company sells the MV Shares in consideration for the buyback of the Inversiones Shares are fair to the Company.

Pursuant to Rule 18 of the Code, a report from Campbell McPherson, the independent adviser approved by the Takeovers Panel, on the merits of the prospective transaction accompanies this Notice of Meeting.

Appendix 2 sets out the specific disclosures required by clause 4 of the Exemption Notice.

APPENDIX 1: DIRECTORS' CERTIFICATES

Resolution 1

Roger Gower and Sean Joyce, being the directors of the Company not interested in resolution 1, certified that the terms of the offer and the consideration offered for the Inversiones Shares held by Inversiones are fair and reasonable to the remaining shareholders and in the best interests of the Company.

APPENDIX 2: INFORMATION REQUIRED TO BE DISCLOSED BY CLAUSE 4 OF THE TAKEOVERS CODE (CLASS EXEMPTIONS) NOTICE (NO 2) 2001

1. Identity of the person:

- (a) The person who is the registered holders of the voting securities being acquired is Inversiones Barriga S.A.
- (b) The persons who will increase their voting control above 20% following the acquisition of the shares held by Inversiones Barriga S.A are Minera Varry Minerals Limited, Fengli Group (Hong Kong) Co. Limited and Marvel Fantasy Limited.

2. Particulars of the voting securities that may be acquired by the Company

- (a) The maximum number of voting securities that may be acquired in aggregate is 510,000,000.
- (b) The percentage of all voting securities of the Company that the aforementioned maximum number of voting securities represents is 55.16%.
- (c) The potential maximum aggregate of the percentages of all voting securities in the Company that Minera Varry Minerals Limited and its associates would hold or control if the maximum number of voting securities were acquired is 41.12%.
- (d) The potential maximum aggregate of the percentages of all voting securities in the Company that Fengli Group (Hong Kong) Co. Limited and its associates would hold or control if the maximum number of voting securities were acquired is 30.15%.
- (e) The potential maximum aggregate of the percentages of all voting securities in the Company that Marvel Fantasy Limited and its associates would hold or control if the maximum number of voting securities were acquired is 24.12%.

3. Consideration for the acquisition

The consideration for the acquisition is the sale of 100% of the shares held by the Company in its wholly owned subsidiary Minera Varry S.A. The consideration will be satisfied upon the settlement of the acquisition by the Company of the shares held by Inversiones Barriga S.A.

4. Reasons for the acquisition

The acquisition is being undertaken as part of a reconciliation of the interests of the Company and Inversiones following the determination by the Company that:

- the Javiera prospect originally vended into the Company by Inversiones in December 2008 will be more expensive to mine than originally contemplated by the executive of Minera Varry S.A: and

- the Javiera concession will ultimately be uneconomic to develop in its current form.

The Board believes that the cancellation of the Inversiones Shares and the transfer to Inversiones of the MV Shares satisfactorily reconciles the parties interests as a consequence of the abovementioned developments.

5. **Exception to Rule 6 of the Code**

The increase in Minera Varry Minerals Limited's voting control, Fengli Group (Hong Kong) Co. Limited's voting control and Marvel Fantasy Limited's voting control that would result only from the acquisition by the Company of its own voting securities, if approved, would be permitted as an exception to rule 6 of the Code.

6. **Independent Adviser's Report**

A report from an independent adviser in relation to the acquisition that complies with rule 18 of the Code (as if the references in that rule to acquisition under Rule 7(c) of the Code and notice of meeting referred to in rule 15 of the Code were references to the acquisition and the notice, respectively) accompanies this Notice of Meeting.

7. **Director's Statement**

A statement by the directors of the code company in relation to the acquisition that complies with rule 19 of the Code (as if the reference in that rule to acquisition under rule 7(c) of the Code was a reference to the acquisition) is comprised in the Explanatory Notes to Resolutions 2, 3 and 4.