



## **NOTICE OF ANNUAL GENERAL MEETING**

to be held on

**Thursday, 26 November 2009 at 2:00pm (Melbourne time) at the  
RACV City Club, 501 Bourke Street, Melbourne, Victoria**

and

## **EXPLANATORY MEMORANDUM**

**This Notice of Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.**

**Should you wish to discuss the matters in this Notice of Meeting, please do not hesitate to contact the Company Secretary on (+61 3) 8080 7170.**

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3.	<b>Appointment of Proxy</b>	<b>(Enclosed separately)</b>

### KEY DATES

Deadline for lodgement of proxy forms for Annual General Meeting	2:00 pm	24 November 2009
Annual General Meeting	2:00 pm	26 November 2009

**All times referred to in this Notice of Annual General Meeting are references to Melbourne time.**

## TIME AND PLACE OF MEETING AND HOW TO VOTE

### Venue

The Annual General Meeting of Orion Gold NL (ACN 098 939 274) will be held at **2:00 pm on Thursday 26 November 2009** at:

RACV City Club  
501 Bourke Street  
MELBOURNE VIC 3000

### Your Vote is Important

The business of the Annual General Meeting affects your shareholding and your vote is important.

### Voting in Person

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

### Voting by Proxy and Corporate Representatives

To vote by proxy, please complete and sign the enclosed Proxy Form and return it to the Company's Share Registry, Security Transfer Registrars Pty Ltd, by:

- (a) post to PO Box 535, Applecross WA, 6953;
- (b) hand delivery to 770 Canning Highway, Applecross, WA, 6153; or
- (c) facsimile on (+61 8) 9315 2233,

so that it is received **not later than 2:00 pm on Tuesday 24 November 2009**.

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy, who need not be a shareholder of the Company. A proxy may be an individual or a body corporate. If a shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and their appointment does not specify the proportion or number of the shareholder's votes the proxy may exercise, each proxy may exercise one half of the shareholder's votes. If a shareholder appoints two proxies, neither may vote on a show of hands.

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act.

The proxy form and the power of attorney (if any) under which it is signed (or a certified copy of it) must be received at the Company's Share Registry **at least 48 hours before the commencement of the Annual General Meeting or any adjournment of that meeting**.

If a representative of a corporate shareholder or a corporate proxy is to attend the meeting pursuant to section 250D of the Corporations Act, a certificate of appointment of the representative must be produced prior to the admission to the meeting. A form of certificate of appointment can be obtained from the Company's registered office.

### Voting Entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the Share Register at **7.00pm (Melbourne time) on 24 November 2009**.

# Orion Gold NL

ABN 76 098 939 274

## Notice of Annual General Meeting

Notice is given that the Annual General Meeting of the shareholders of Orion Gold NL (the "**Company**") will be held at the RACV City Club, 501 Bourke Street, Melbourne, Victoria on **26 November 2009 commencing at 2:00pm**.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

1. **Financial Statements and Reports**

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2009 together with the directors' report and the auditor's report.

2. **Re-election of Mr Graeme Sloan**

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

*"That, for the purposes of clause 13.2 of the Constitution and for all other purposes, Mr Graeme John Sloan, a Director who retires by rotation, and being eligible, is re-elected as a Director."*

3. **Remuneration Report**

To consider and, if thought fit, to pass the following resolution as a non-binding resolution:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2009."*

4. **Grant of Options to Mr Graeme Sloan**

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

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the grant of 15,000,000 options to Mr Graeme John Sloan (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."*

5. **Orion Gold Option & Performance Rights Plan**

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

*"That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, the Company approves the terms of the Orion Gold Option & Performance Rights Plan as described in the Explanatory Memorandum, and the grant of options and performance rights under that Plan."*

### **Persons precluded from voting**

The Company shall disregard any votes cast:

- in respect of Item 4, by Mr Graeme Sloan and any associate of Mr Graeme Sloan; and
- in respect of Item 5, by any Director of the Company (except a Director who is ineligible to participate in any employee incentive scheme of the Company) and any associate of that Director.

However, the Company will not disregard a vote if:

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

DATED: 16 October 2009

By Order of the Board



Martin W. Bouwmeester  
**Company Secretary**

# Orion Gold NL

ABN 76 098 939 274

## Explanatory Memorandum to accompany Notice of Annual General Meeting

This Explanatory Memorandum provides information for shareholders in respect of Items 1 to 5 to be considered at the Annual General Meeting of the Company to be held at the RACV City Club, 501 Bourke Street, Melbourne, Victoria on **26 November 2009 commencing at 2:00pm**.

### **Item 1 - Financial Statements and Reports**

The Corporations Act requires the financial report, directors' report and auditor's report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or the Company's Constitution for shareholders to vote on, approve or adopt these reports. Shareholders will have a reasonable opportunity at the meeting to ask questions about or make comments on these Reports and on the management of the Company.

The auditor of the Company is required to attend the Annual General Meeting and will be available to take shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Prior to the meeting, shareholders may also forward written questions to the auditor about the conduct of the audit and the content of the auditor's report. These should be emailed to [info@oriongold.com.au](mailto:info@oriongold.com.au) or mailed to the Company Secretary, Level 11, 330 Collins Street, Melbourne, Victoria, 3000 and may be submitted up to 5 business days before the Annual General Meeting. The Company is required by law to forward all questions to the auditor and the auditor is required to prepare a list of questions that the auditor considers are relevant to the conduct of the audit and the content of the auditor's report. The auditor may omit questions that are the same in substance to other questions and questions that are not received in a timely manner. At the meeting, the Chairman will give the auditor a reasonable opportunity to answer the questions on the questions list. The list of questions prepared by the auditor will be available on the Company's website, [www.oriongold.com.au](http://www.oriongold.com.au), prior to the meeting. In addition, copies of the list of questions will be available at the meeting.

In accordance with the Corporations Act, the Company will not be providing shareholders with a hard copy of the Company's annual financial report unless specifically requested to do so. Shareholders may view the Company's annual financial report on its website at [www.oriongold.com.au](http://www.oriongold.com.au).

### **Item 2 - Re-election of Mr Graeme Sloan**

Clause 13.2 of the Constitution requires that one third of the Company's Directors (or the number nearest one-third, rounded upwards in case of doubt) must retire at each Annual General Meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Company currently has three Directors and accordingly Mr Sloan is retiring in accordance with clause 13.2 of the Constitution.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election. Mr Graeme Sloan retires by rotation and offers himself for re-election.

Mr Sloan is a Mining Engineer and is currently the Managing Director/CEO of Tanami Gold NL which operates the Coyote Gold Mine in Australia. Mr Sloan was the Managing Director/CEO of Victorian gold producer Perseverance Corporation Limited between 2002 and 2007.

Mr Sloan has held a diverse range of senior national and international executive positions and has a strong operational and corporate background.

The Directors, other than Mr Sloan, recommend that shareholders vote in favour of Item 2. Mr Sloan makes no recommendation.

### **Item 3 – Remuneration Report**

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2009.

A reasonable opportunity will be provided for shareholders to ask questions about or make comments on the remuneration report at the Annual General Meeting.

All Directors recommend that shareholders vote in favour of adopting the remuneration report.

### **Item 4 – Grant of Options to Graeme Sloan**

#### General

The Company has agreed, subject to obtaining shareholder approval, to grant 15,000,000 Options (Director Options) to Mr Graeme Sloan (or his nominee) on the terms and conditions set out below.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue securities to a related party (unless an exception in ASX Listing Rule 10.12 applies). Any Director of the Company and any entity that a Director of the Company controls is a related party for the purposes of ASX Listing Rule 10.11. Accordingly, shareholder approval is sought under ASX Listing Rule 10.11 for the proposed grant of Director Options to Mr Sloan (or his nominee).

#### Shareholder Approval (ASX Listing Rule 10.11)

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options to Mr Sloan (or his nominee):

- (a) the maximum number of Director Options proposed to be granted to Mr Sloan (or his nominee) is 15,000,000;
- (b) subject to shareholder approval, the Director Options will be granted to Mr Sloan (or his nominee) no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (c) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised from the grant of the Director Options;
- (d) the exercise price of the Director Options is \$0.02 and any proceeds from the exercise of the Director Options will be used for general corporate purposes; and
- (e) the terms and conditions of the Director Options are set out in the Schedule.

The primary purpose of the proposed grant of Director Options to Mr Sloan is to provide a market linked incentive package in his capacity as a director, for his past performance, and as a long term retention mechanism. The Board (other than Mr Sloan) considered the extensive experience and reputation of Mr Sloan when considering the grant of the Director Options to him. The Board considers the grant of the Director Options to Mr Sloan to be reasonable, given his contribution to date and the necessity to attract the highest calibre of professional to the Company while maintaining the Company's cash reserves. The Board does not consider that there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Director Options upon the terms proposed.

The Board acknowledges the proposed grant of Director Options to Mr Sloan is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the proposed grant of Director Options to Mr Sloan to be reasonable in the circumstances, having regard to the factors described above and given the Company was placed into administration in early 2009 and Mr Sloan contributed significantly to the successful Deed of Company Arrangement process which resulted in the Company raising significant funding and its shares being reinstated on ASX.

Separate approval under ASX Listing Rule 7.1 is not required for the proposed grant of Director Options to Mr Sloan because shareholder approval is being sought under ASX Listing Rule 10.11. Accordingly, if the resolution is passed, the grant of Director Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

The Directors, other than Mr Sloan, recommend that shareholders vote in favour of Item 4. Mr Sloan makes no recommendation.

#### **Item 5 – Orion Gold Option & Performance Rights Plan**

Item 5 seeks shareholder approval for the Orion Gold Option & Performance Rights Plan (the "**Plan**") pursuant to ASX Listing Rule 7.2 (Exception 9).

The Board has established the Plan to provide an incentive to employees by enabling them to participate in the Company's development and growth. The Plan replaces the Company's Employee Option Plan which was adopted prior to the Company's admission to ASX in October 2003. Directors of the Company are not eligible to participate in the Plan.

All Directors recommend that shareholders vote in favour of Item 5.

ASX Listing Rule 7.1 requires shareholder approval for an issue of equity securities (which includes options and performance rights) if, over a 12 month period, the number of equity securities issued is more than 15% of the number of ordinary shares on issue at the start of that 12 month period. ASX Listing Rule 7.2 (Exception 9) provides that an issue under an employee incentive scheme does not detract from the available 15% limit under ASX Listing Rule 7.1 if shareholders approved the issue of securities under the employee incentive scheme as an exception to ASX Listing Rule 7.1 no more than three years before the date of issue. Accordingly, approval is sought under ASX Listing Rule 7.2 (Exception 9) for the grant of options and performance rights under the Plan, so that such grants do not detract from the 15% limit.

#### **Summary of the Option & Performance Rights Plan**

The following is a summary of the key terms of the Plan:

- Under the Plan, the Board may offer options and performance rights to employees of the Company and its related bodies corporate, or such other persons as the Board determines but excluding all Directors of the Company.
- On exercise of an option or performance right, the Company will deliver a fully paid ordinary share to the Plan participant. Shares can be delivered by either new issue or on-market purchase.
- The exercise price (if any) of the options will be an amount determined by the Board specified at the time an option is granted. No amount is payable upon the exercise of a performance right, unless the Board determines otherwise at the time the performance right is granted.
- The Board will have the discretion to determine the terms and conditions of a grant of options or performance rights, including:
  - (a) vesting conditions which must be met before the options or rights can be exercised;
  - (b) restrictions on the disposal of or dealing in a share delivered upon the exercise of an option or right; and
  - (c) whether the shares to be delivered upon the exercise of an option or right are to be held by a trustee for the benefit of the participant.
- The Plan imposes a 5% cap on the number of shares which can be subject to options and performance rights granted under the Plan, calculated by reference to the Company's total issued share capital and in accordance with the Plan.
- The term of options and performance rights granted under the Plan will be 7 years, or another period specified by the Board at the time of grant.
- When options or performance rights are granted, the Board will specify the circumstance in which they will expire, including in relation to the cessation of employment.

- Unless the options or performance rights granted under the Plan have been exercised and the shares delivered before the relevant record date, a Plan participant cannot participate in new issues of securities to holders of ordinary shares, in relation to those options or rights.
- If the Company makes a pro rata bonus issue of shares or other securities to holders of ordinary shares, and options or rights have not been exercised, then the number of shares subject of the options or rights will be increased by the number of shares that the participant would have received if the options or rights had been exercised before the record date for the bonus issue.
- If the Company makes a pro rata issue of securities (other than a bonus issue) to holders of ordinary shares, and an amount is payable on the exercise of options or rights, the exercise price will be changed in accordance with the ASX Listing Rules. If no amount is payable on the exercise of the options or rights, the number of options or rights held by a participant may be adjusted in such manner as the Board determines, subject to law.
- In the event of a capital reorganisation, the number of shares subject of each option or right will be adjusted in accordance with the ASX Listing Rules.
- Options and performance rights will be forfeited if the applicable vesting conditions are not satisfied, or if the participant commits any act of fraud, defalcation or gross misconduct in relation to the Company or a related body corporate.
- If control of the Company changes, the Board has the discretion to waive any vesting conditions which have not been satisfied.
- The Company may appoint a trustee for the purpose of acquiring and delivering shares to participants and/or holding shares on behalf of participants.
- Participation in the Plan may be extended to participants overseas on essentially the same or a similar basis in Australia, except that the participation may be governed by a different set of rules to accommodate the requirements of local laws and regulatory conditions.
- The Board has certain discretions under the Plan. In particular, the Board may amend the rules of the Plan or waive vesting conditions or disposal restrictions.

A copy of the Rules of the Plan is available from the Company's registered office.

## Schedule – Terms and Conditions of Director Options

- (a) Each Director Option gives the optionholder the right to subscribe for one ordinary share (Share) in the capital of Orion Gold NL (Company) upon exercise of the Director Options in accordance with the terms and conditions of the Director Options.
- (b) The Director Options vest as follows:
- i. subject to paragraph (ii), 50% of the Director Options will vest on 30 November 2010 and 50% of the Director Options will vest on 30 November 2011; and
  - ii. notwithstanding paragraph (i), 100% of the Director Options will vest immediately upon:
    - (A) the Board of the Company making a recommendation to shareholders to accept a takeover bid for all of the issued Shares of the Company;
    - (B) the despatch of a notice of general meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act; or
    - (C) the date upon which a person or a group of associated persons becomes entitled (other than pursuant to the transactions contemplated by the Notice of Meeting), subsequent to the date of grant of the Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.
- (c) The Director Options will expire as follows:
- i. notwithstanding paragraph (ii), where Mr Graeme Sloan ceases to be a Director of the Company for any reason, then any Director Options which have not yet vested at that time will be forfeited by him and shall expire.
  - ii. subject to paragraph (i), the Director Options will expire on the earlier of:
    - (A) 60 days subsequent to the date on which Mr Graeme Sloan ceases to be a Director;
    - and
    - (B) 5.00pm on 31 March 2014,

(Expiry Date). Any vested Director Options not exercised will automatically expire at this time.
- (d) The amount payable upon exercise of each Director Option will be \$0.02 (Exercise Price).
- (e) The Director Options held by each optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (f) Subject to paragraph (e), an optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:
- i. a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
  - ii. a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised,
- (Exercise Notice).
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of an effective Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.

- (i) The Director Options are not transferable until such time as the Director Options have vested in accordance with paragraph (b) above.
- (j) All Shares issued upon the exercise of Director Options will from the date of issue rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Director Options on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of issue of those Shares.
- (l) Subject to paragraphs (n) and (p), optionholders will not be entitled to participate in new issues of capital offered to holders of Shares in the Company prior to the exercise of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- (m) Optionholders will not have any right to attend and vote at general meetings.
- (n) In the event of any reconstruction or reorganisation (including consolidation, subdivision, reduction or return of capital) of the Company, the Options shall be treated in a manner consistent with the Corporations Act and the ASX Listing Rules as in force as at the date of any such reconstruction.
- (o) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Director Options, the exercise price of the Director Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (p) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Director Options, the number of securities over which a Director Option is exercisable may be increased by the number of securities which the optionholder would have received if the Director Option had been exercised before the record date for the bonus issue in accordance with ASX Listing Rule 6.22.3.
- (q) Other than as provided for above, the Director Options do not confer any right upon the optionholders to a change in the exercise price of each Director Option or a change in the number of Shares over which each Director Option can be exercised.



