

25<sup>th</sup> March 2010

Dear Shareholder,

On behalf of the Board of Orion Metals Limited (Orion), I am pleased to invite you to participate in a 1 for 1 fully underwritten entitlement to new ordinary fully paid shares (New Shares) in Orion (the Issue).

The Company currently has on issue 24,695,843 ordinary shares and is making a non-renounceable rights issue of a further 24,695,843 New Shares at 5 cents per New Share for every Share held, to raise approximately \$1,235,000. In addition, each Applicant shall receive one (1) Attaching Option for every two (2) New Shares allotted (i.e., a total of 12,347,922 Attaching Options). Each Attaching Option is exercisable at 12 cents on or before 25<sup>th</sup> February 2011.

Both the New Shares and the Attaching Options will be quoted on the ASX.

The full terms of the Issue and the Attaching Options are contained in a Prospectus which is expected to be sent to Shareholders on or about 13<sup>th</sup> April 2010. The Record Date for eligible Shareholders to participate in the Issue will be 7<sup>th</sup> April 2010.

As indicated, the Issue is fully underwritten as a result of support through several broking firms, current shareholders and all directors as well as Jien Mining Pty Ltd that has agreed to underwrite the first 30% of any shortfall. Details of the underwriting arrangements are set out in the Prospectus.

The Board is committed to allowing the remaining Shareholders the opportunity to increase their equity position in the Company. To achieve this, the Board is offering those Shareholders holding the remaining Shares in the Company (i.e. all Shareholders excluding Metallica Minerals Limited) the opportunity to apply for New Shares in addition to their Entitlement. The Directors will allocate any Shortfall in the subscriptions under the Issue to those Shareholders applying for additional New Shares. The benefit of Shareholders having the opportunity to increase their equity position is that Orion consolidated its shares in 2009 on a four for one basis and this offer allows the smaller shareholders the opportunity to increase their holding back to their previous levels at minimum cost.

The money raised through this Issue will enable the Company to fund a further resource evaluation and drilling program in the Company's Top Camp Gold Project Area, further resource estimation, securing additional Rare Earth or Tech Metal Project opportunities, and for additional working capital.

The Offer will open on 14<sup>th</sup> April 2010 and is due to close on 12<sup>th</sup> May 2010. When you receive the Prospectus please read it carefully before deciding whether or not to invest. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

The indicative timetable for the Issue is overleaf. The Prospectus has been lodged with ASIC and the ASX, and is available on the ASX website at [www.asx.com.au](http://www.asx.com.au) and on the Company's website at [www.orionmetals.com.au](http://www.orionmetals.com.au).

Yours sincerely,



David K Barwick  
Chairman

### Rights Issue Indicative Timetable

Event	Date
Rights Issue Prospectus lodged with ASIC and ASX prior to commencement of trading	24 March 2010
Notice with information on Rights Issue sent to ORM shareholders	25 March 2010
Shares commence trading on ASX on an ex rights basis	30 March 2010
Record Date for participation in Rights Issue	7 April 2010
Opening Date for Offer	14 April 2010
Prospectus despatched to ORM shareholders and announcement of despatch	No later than 5pm (Brisbane time) on 13 April 2010
Closing time and date for acceptances and payment in full under Rights Issue	5pm (Brisbane time) on 12 May 2010
Dispatch of Transaction Confirmation Statements for New Shares and Attaching Options under the Rights Issue	No later than 5pm (Brisbane time) on 20 May 2010
Commencement of trading of New Shares and Attaching Options on ASX on a normal basis	21 May 2010

*The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time.*