



Prospectus

Orion Metals Limited ABN 89 096 142 737 (**Company**)

A non-renounceable rights issue to existing shareholders of 24,695,843 New Shares at an issue price of 5 cents per New Share on the basis of one (1) New Share for every Share held together with one (1) Attaching Option for every two (2) New Shares applied for to raise up to approximately \$1,235,000 before costs of the Offer.

CLOSING DATE: 5.00pm Brisbane time on 12 May 2010

THIS IS AN IMPORTANT DOCUMENT. IF YOU DO NOT UNDERSTAND IT, OR ARE IN DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISOR.



Corporate Directory

Directors and Executive

Mr David K Barwick – Non-executive Chairman
Mr James Canning-Ure – Managing Director
Mr Andrew Gillies – Non-executive Director
Mr Adrian Day – Non-executive Director
Mr Bill Lyne – Company Secretary

Solicitors to the Offer

HopgoodGanim Lawyers
Level 8 Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Share register

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane QLD 4000

Administration and Registered Office

71 Lytton Road
East Brisbane
Brisbane Qld 4169

Telephone: +61 (07) 3249 3060
Facsimile: +61 (07) 3249 3061
Email: admin@orionmetals.com.au

Table of Contents

Prospectus.....	
1. Chairman's letter	
2. Investment summary	
3. Details of the offer	
4. Orion Metals and its operations.....	
5. Effect of issue on the Company	
6. Risk factors.....	
7. Additional information.....	
8. Definitions & glossary	
Entitlement and Acceptance Form	

Key Dates for Investors

Record Date for determining entitlements under the Issue:	7 April 2010
Offer Opens:	14 April 2010
Offer Expected to Close:	12 May 2010
Trading of New Shares and Attaching Options on the ASX expected to commence on deferred basis:	13 May 2010
Expected Date for Despatch of New Share and Attaching Options holding statements:	20 May 2010
Trading of New Shares and Attaching Options on the ASX expected to Commence on normal basis:	21 May 2010

A number of terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary.

Money as expressed in this Prospectus is in Australian dollars or else as indicated.

Offer Statistics

Maximum number of New Shares to be Issued: 24,695,843
Issue Price: 5 cents per New Share

Maximum number of Attaching Options: 12,347,922
(subject to rounding)

ALL DATES ARE SUBJECT TO CHANGE AND ACCORDINGLY ARE INDICATIVE ONLY. IN PARTICULAR, THE COMPANY HAS THE RIGHT TO VARY THE DATES OF THE OFFER, WITHOUT PRIOR NOTICE. INVESTORS ARE ENCOURAGED TO SUBMIT THEIR ENTITLEMENT AND ACCEPTANCE FORMS AS SOON AS POSSIBLE.

How to accept entitlement to New Shares

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

This Prospectus is available in electronic form on the Internet at www.orionmetals.com.au. If you wish to obtain a free copy of this Prospectus, please contact the Company on (07) 3249 3060.

Important notice

This Prospectus is dated 24 March 2010 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. Neither the ASIC nor ASX Limited (**ASX**) take any responsibility for the contents of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No offer is made by this Prospectus in any jurisdiction outside of Australia and New Zealand. The distribution of this Prospectus within jurisdictions outside Australia and New Zealand may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

In making this offer to Shareholders in New Zealand, the Company is relying on the *Securities Act (Overseas Companies) Exemption Notice 2002 (NZ)*, by virtue of which this Prospectus is not required to be registered in New Zealand.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the New Shares.

Please read this document carefully before you make a decision to invest. An investment in the Company has specific risks which you should consider before making a decision to invest.

Prospectus

Chairman's letter

24 March 2010

Dear Shareholder,

On behalf of the Directors I invite you to subscribe for your entitlement to New Shares in Orion Metals Limited (**the Issue**).

The Company is making a non-renounceable rights issue of 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 applied for. Each Attaching Option is exercisable at 12 cents on or before 25 February 2011. The full terms of the Attaching Options issued under this Prospectus are contained in Section 7 of this Prospectus.

The Company has entered into a number of underwriting arrangements in relation to the New Shares including with Jien Mining Pty Ltd (a subsidiary of a major Chinese resource company) and other underwriters, some of whom are current shareholders and/or directors of the Company to fully underwrite the Issue. Details of the underwriting arrangements are set forth in Section 6.6 of this Prospectus.

The Board is committed to allowing the Shareholders (excluding Metallica Minerals Limited) the opportunity to increase their respective equity position in the Company. To achieve this, the Board is offering those Shareholders holding the remaining Shares in the Company the opportunity to apply for New Shares in addition to their Entitlement subject to availability. The Directors will allocate any Shortfall in the subscriptions under the Issue to those Shareholders applying for additional New Shares.

The money raised through this Issue will enable the Company to fund:-

- A drilling program in the Company's Top Camp Gold Project, 40 kms south of Cloncurry, where ground and airborne geophysics and soil geochemical surveys have defined a discrete anomaly in a favourable structural setting ready for drill testing;
- Acquisition of further gold, rare earth or tech metal project opportunities;
- Testing of new project tenements in north Queensland where rare earth bearing heavy mineral assemblages (including Monazite, Xenotime, Tin, Zircon etc) have been recorded in drainages associated with radioactive "hot" granites; and
- Additional working capital.

The Offer is open from 14 April 2010 and is due to close on 12 May 2010. Please read the Prospectus 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.

On behalf of the Directors, I commend this investment to you.

Yours sincerely,



David K Barwick
Chairman

Prospectus

1. Investment summary

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

1.1 The offer

This Prospectus is for a non-renounceable rights issue of 24,695,843 New Shares at an issue price of 5 cents per New Share, on the basis of one (1) New Share for every Share held by Shareholders as at the Record Date.

In addition, each successful Applicant shall receive one (1) Attaching Option for every two (2) New Shares successfully applied for.

The Company intends to apply for listing of the New Shares and Attaching Options on the ASX as soon as practicable following their allotment.

1.2 Minimum subscription

There is no minimum subscription to the Issue.

1.3 New Share terms

Each New Share will rank equally with all existing Shares then on issue.

1.4 Attaching Option Terms

Each Attaching Option shall be exercisable at 12 cents on or before 25 February 2011. On exercise, each resulting Share shall rank equally with all existing Shares then on issue. For full terms of the Attaching Options, please refer to Section 7 of this Prospectus.

1.5 Acceptance of entitlement to New Shares and Attaching Options

The number of New Shares and Attaching Options to which each Shareholder is entitled is shown on the Entitlement and Acceptance Form accompanying this Prospectus. This Prospectus is for the information of Shareholders who are entitled to, and may wish to apply for, the New Shares and Attaching Options.

Entitlements to New Shares and Attaching Options can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

1.6 Additional securities

Shareholders on the Record Date may apply for the New Shares to which they are entitled as shown on the Entitlement and Acceptance Form accompanying this Prospectus. Shareholders may also apply for any New Shares in addition to their Entitlement (**Additional Shares**).

In the event that there is a Shortfall in subscriptions under the Issue, the Directors reserve the right to allocate any Shortfall of New Shares to subscribers for Additional Shares at their absolute discretion. The Company may reject any application for Additional Shares or allocate fewer New Shares than applied for by subscribers for Additional Shares. The Additional Shares will also have Attaching Options.

Prospectus

The ability for the Company to issue Additional Shares is dependant upon the extent of any Shortfall to the Issue. Applications for Additional Shares must be made in the Additional Shares section on the Entitlement and Acceptance Form accompanying this Prospectus.

In the event that there is a Shortfall in subscriptions (including any shortfall existing after taking into account applications for Additional Shares) under the Issue, the Directors reserve the right, as contemplated within the Listing Rules, to allocate any shortfall of New Shares (and corresponding Attaching Options) in their discretion so as to ensure a maximum amount of funds are raised.

1.7 Purpose of the issue

The Directors intend to apply the proceeds from the Issue primarily to an evaluation drilling program at the Top Camp Project, and for working capital requirements, in the following manner:

Proposed Use of Funds	\$
Top Camp Drilling program	\$350,000
Acquisition and exploration of new project tenements	\$225,000
Working capital	\$630,000
Issue costs	\$30,000
Total	\$1,235,000

However, in the event that circumstances change or other better opportunities arise, the Directors' reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders.

1.8 Underwriting

The Issue is fully underwritten by the Underwriters. Summaries of the Underwriting Agreements are set out in Section 6.6 of this Prospectus.

2. Details of the offer

2.1 Offer to shareholders

The Directors have approved a non-renounceable rights issue of 24,695,843 New Shares at 5 cents per New Share to raise up to approximately \$1,235,000 (before expenses associated with the Issue are paid) together with one (1) Attaching Option for every two (2) New Shares allotted exercisable at 12 cents each on or before 25 February 2011. Shareholders of the Company are entitled to subscribe for one (1) New Share for every Share held on the Record Date. Only those Shareholders shown on the share register at 7.00 pm (Brisbane time) on the Record Date will be entitled to participate in the Issue.

Prospectus

2.2 Important dates

Shares commence trading on an ex rights basis	30 March 2010
Record Date for the Offer	7 April 2010
Opening Date of Offer	14 April 2010
Closing Date of Offer	5pm Brisbane time 12 May 2010
Expected date for commencement of trading of New Shares and Attaching Options on ASX on a deferred basis	13 May 2010
Expected date of despatch of New Shares and Attaching Options holding statements	20 May 2010
Expected date for 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.

2.3 Additional shares

The Board has agreed that Shareholders may apply for Additional Shares in addition to their Entitlement. In the event that there is a Shortfall in the subscriptions under the Issue, the Directors reserve the right to allocate any Shortfall of New Shares to subscribers for Additional Shares at their absolute discretion. The Company may reject any application for Additional Shares or allocate fewer New Shares than applied for by subscribers for Additional Shares. The Additional Shares will also have Attaching Options.

Applications for Additional Shares must be made in the Additional Shares section on the Entitlement and Acceptance Form accompanying this Prospectus.

The Company's second largest shareholder, Angus & Ross Plc, has confirmed to the Company that it does not intend to take up its entitlement under the Offer.

2.4 Placement of Shortfall

In the event that there is a Shortfall in subscriptions (including any Shortfall existing after taking into account applications for Additional Shares under Section 2.3 of this Prospectus) under the Issue, the Directors reserve the right, as contemplated within the Listing Rules, to allocate any Shortfall of Additional Shares (and corresponding Attaching Options) in their discretion so as to ensure a maximum amount of funds are raised. The Directors will allocate any Shortfall to those Shareholders who have applied for Additional Shares. Any remaining Shortfall after the Additional Shares have been allocated to Shareholders will be allocated to the Underwriters with Jien Mining Pty Ltd taking priority over other Underwriters.

Prospectus

2.5 How to accept your entitlement

Shareholders may accept their Entitlement either in whole or in part, and may apply (other than Metallica) for additional New Shares.

The number of New Shares and Attaching Options to which Shareholders are entitled is shown on the Entitlement and Acceptance Form which accompanies this Prospectus.

If Shareholders take no action in respect of their Entitlement they will have no right to subscribe for the New Shares pursuant to this Offer.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus in accordance with the instructions set out on the Entitlement and Acceptance Form and forwarding the completed Form together with your cheque or bank draft for the full amount payable so as to reach the Share Registry by no later than 5.00pm (Brisbane time) on the Closing Date. Payment can also be made by using BPAY®.

Shareholders electing to make payment using BPAY®, must contact their bank, credit union or building society to make payment from their cheque or savings account. Refer to the Entitlement and Acceptance Form for the Biller Code and Customer Reference Number. Shareholders who have multiple holdings will have multiple Customer Reference Numbers.

Payment will only be accepted in Australian currency and cheques, bank drafts, money orders and BPAY® payments must be drawn on an Australian bank.

The Issue Price of 5 cents per New Share is payable in full on acceptance of part or all of your Entitlement.

Cheques should be in Australian currency and made payable to "Orion Metals Limited - Entitlement Offer" and crossed "not negotiable". No brokerage or handling fees are payable by the Applicant for New Shares offered by this Prospectus. Completed Forms and accompanying cheques should be lodged at or forwarded to the following address:

Orion Metals Limited Entitlement Offer

Orion Metals Limited, C/ -Link Market Services Limited
Locked Bag 3415,
Brisbane QLD 4001

No brokerage or stamp duty is payable by Applicants in respect of their applications for New Shares under this Prospectus. The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Monies will be held in trust in a subscription account until allotment of the New Shares and Attaching Options. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Acceptance Monies will be retained by the Company irrespective of whether allotment takes place.

2.6 Allotment and allocation policy

The Company will proceed to allocate New Shares and Attaching Options as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares and Attaching Options.

Successful Applicants will be notified in writing of the number of New Shares and Attaching Options allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares and Attaching Options allocated to them prior to trading in these securities. Applicants who sell New Shares

Prospectus

or Attaching Options before they receive notice of the number of securities allocated to them do so at their own risk. No New Shares or Attaching Options will be allotted or issued on the basis of this Prospectus later than thirteen (13) months after the date of issue of this Prospectus.

2.7 **ASX listing**

Within seven (7) days after the date of issue of the Prospectus, the Company intends to apply for the listing and quotation of the New Shares and Attaching Options on the ASX. If granted, quotation of the New Shares and Attaching Options will commence as soon as practicable after allotment of the New Shares and Attaching Options to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares and Attaching Options prior to trading.

2.8 **Investment risks**

Investors should carefully read the section on Risk Factors outlined in Section 5. An investment of this kind involves a number of risks, a number of which are specific to the Company and the industry in which it operates.

2.9 **CHESS**

The Company will apply to the ASX for the New Shares and Attaching Options to participate in the Securities Clearing House Electronic Subregister System known as CHESS. CHESS is operated by the ASX's Securities Clearing House (**SCH**) in accordance with the Listing Rules and the SCH Business Rules. After allotment of the New Shares and Attaching Options, those who are issuer sponsored holders will receive a transaction confirmation statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares and Attaching Options allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

2.10 **No rights trading**

Entitlements to New Shares pursuant to the Issue are non-renounceable and accordingly will not be traded on the ASX.

2.11 **Minimum subscription**

There is no minimum subscription to the Issue.

2.12 **Overseas shareholders**

The Company has not made investigations as to the regulatory requirements that may prevail in the countries, outside of Australia and New Zealand, in which the Company's Shareholders reside.

The distribution of this Prospectus in places outside of Australia and New Zealand may be restricted by law and Foreign Shareholders who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

The Company's second largest shareholder, UK based Angus & Ross Plc, has confirmed that it does not intend to take up its entitlement under the Offer.

Prospectus

2.13 Fractional entitlements

Any fractional entitlements will be rounded to the next whole number.

2.14 Electronic prospectus

An electronic version of this Prospectus is available on the Internet at www.orionmetals.com.au.

The Entitlement and Acceptance Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that during the Issue period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company or a financial advisor.

3. Orion Metals and its operations

Overview of operations

Malcolm Creek Gold Project

The Company has a joint venture agreement (JVA) with Newmont Exploration Pty Ltd on this project specifically investigating the Bald Mountain intrusive complex in detail. Under the JVA, Newmont is obliged and has spent \$250,000 within the first year of participation and, if it elects, up to \$2 million to earn an interest up to 70% over four years.

Regional geochemical and geological surveys have been completed, and focus is now directed on the rhyolitic plugs and breccias. Previous exploration in the 1980s and 1990s has delineated gold-bearing structures which resemble the mineralisation controls at Kidston, 70kms to the east. Soil and rock geochemistry and induced polarisation geophysics has defined targets that are proposed to be drilled in the coming months after the current wet season.

Top Camp Gold Project

Interpretation of airborne and ground magnetic surveys and a re-evaluation of coincident geological and geochemical features have been successful in defining a magnetic anomaly drilling targets within the mining leases. This feature will be drill tested after the wet season in accordance with this fundraising.

Rare Earth Search

A number of exploration permits have been applied for and optioned from private parties in north and central Queensland to search for accumulations of heavy mineral concentrates that may host minerals containing rare earth elements. These have their provenance in radiogenic granites and associated rock types. Testing of new project tenements in north Queensland where rare earth bearing heavy mineral assemblages (including Monazite, Xenotime, Tin, Zircon etc) have been recorded in drainages associated with radioactive "hot" granites. Preliminary sampling to characterise mineral species is planned as soon as practicable.

Other areas of similar potential are being assessed.

Prospectus

Grant's Gully – Buchanan's Creek Project

The Company entered into a contract on 28 January 2010 with Gascoyne Metals Pty Ltd and Artemis Resources Limited (**Purchaser**) for the sale of the Grant's Gully - Buchanan's Creek Project (**Project**). The purchase price for the sale is \$450,000, comprising an option fee of \$25,000 and \$200,000 cash (**Cash Amount**) and shares in Artemis Resources Limited to the value of \$225,000 (**Artemis Shares**). Initial settlement and handing over of possession was completed on 28 January 2010 in conjunction with execution of the contract, at which time the Company received payment of the Cash Amount. Final completion and the issue of the Artemis Shares to the Company has taken place following the grant of Government consent to the transaction and the transfer of the tenements relating to the Project to the Purchaser. One hundred thousand dollars (\$100,000) worth of Artemis Shares (**Held Shares**) are to be held in escrow pending the grant and subsequent transfer of a tenement application from the Company to the Purchaser (**Application Transfer**). If the Application Transfer does not occur, the Held Shares shall be bought back or cancelled for no consideration.

4. Effect of issue on the Company

4.1 Financial position

To illustrate the effect of the issue on the Company, the proforma consolidated balance sheet has been prepared based on 31 August 2009 balance sheet. The Company's Interim Financial Report for the half-year ended 31 August 2009 was lodged with the ASX on 12 November 2009. The balance sheet as provided shows the effect of the Offer as if the Offer under this Prospectus had been made on 31 August 2009. The proforma assumes that the Offer is fully subscribed and that the Issue costs of \$30,000 are deducted.

The accounting policies adopted in preparation of the proforma consolidated balance sheet are consistent with the policies adopted and as described in the Company's Interim Financial Report for the half-year ended 31 August 2009. The financial statements for the half-year ended 31 August 2009 were prepared in accordance with the same policies.

Prospectus

	31 August 2009 \$	Share Issue Proceeds* \$	Proforma 31 August 2009 \$
CURRENT ASSETS			
Cash and cash equivalents	64,926	1,206,000	1,270,926
Other current assets	16,408		16,408
TOTAL CURRENT ASSETS	81,334		1,287,334
NON-CURRENT ASSETS			
Exploration and evaluation assets carried forward	1,202,864		1,202,864
Property, plant and equipment	119,925		119,925
Other non current assets	8,959		8,959
TOTAL NON-CURRENT ASSETS	1,331,748		1,331,748
TOTAL ASSETS	1,413,082		2,619,082
CURRENT LIABILITIES			
Trade and other payables	112,637		112,637
Short term financial liabilities	315,100		315,100
TOTAL CURRENT LIABILITIES	427,737		427,737
NON-CURRENT LIABILITIES			
Provisions	–		–
TOTAL NON-CURRENT LIABILITIES			
TOTAL LIABILITIES	427,737		427,737
NET ASSETS	985,345		2,191,345
EQUITY			
Contributed equity	5,716,240	1,206,000	6,922,240
Reserves	302,050		302,050
Retained profits / (losses)	(5,032,945)		(5,032,945)
TOTAL EQUITY	985,345		2,191,345

Note

* Amount raised nett of costs

Prospectus

4.2 Capital structure

At the 2009 AGM, the Shareholders approved by ordinary resolution that all of the Company's Shares on issue be converted into a smaller number on the basis that every four (4) Shares be converted into one (1) Share (**Consolidation**). The conversion was effective on 30 July 2009, being the date the Shareholders approved the resolution.

Assuming full subscription under the Prospectus, the share capital structure of the Company immediately following the Issue will be as follows:

	Shares
Shares on issue at the date of this Prospectus	24,695,843
Maximum number of New Shares under Prospectus	24,695,843
Total:	49,391,686

As at the date of this Prospectus,

- (a) the Company has 500,000 unlisted options on issue; and
- (b) the Board has approved the issue of 1,500,000 Options to the Directors with the issue of these Options to be subject to obtaining the approval of the Shareholders for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10;
- (c) the Board has approved the issue of 1,000,000 options to the newly appointed Managing Director, James Canning-Ure, with the issue of these Options to be subject to obtaining the approval of the Shareholders for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.

No. of Options	Exercise Price	Option Details	Expiry Date
Options on issue at the date of this Prospectus – 500,000	80 cents (on a post consolidation basis)	Unlisted	3 January 2011
Maximum number of Options issued under Prospectus – 12,347,922	12 cents	Listed	25 February 2011
Total:	12,847,922		

4.3 Equity Control and position

As at the date of this Prospectus, Metallica has a holding or relevant interest of approximately 47.24% of the Company. Metallica has confirmed in writing to the Company that it will take up part of its Entitlement of \$250,000 in New Shares.

The extent to which the current Shareholders of the Company elect to accept their entitlement to New Shares under this Offer and the extent to which the Underwriters take New Shares pursuant to the terms of their Underwriting Agreements with the Company will have a potential impact upon the equity holding and control of the Company.

Prospectus

The table below outlines the potential maximum effect that several scenarios will have on the equity and control of the Company if only Metallica accepts the offer or if other shareholders accept the offer:

	Holding as at the date of this Prospectus	%	If only Metallica accepts Offer and only takes up Entitlement of \$250,000 of New Shares ¹	%	If Metallica only takes up Entitlement of \$250,000 and remaining Shareholders take up full Entitlement	%	If Metallica only takes up \$250,000 of its Entitlement and the Shareholder Underwriters apply for their Entitlement and all Underwriters apply for their Underwritten Shares	%	If only Metallica accepts Offer and takes up all Shortfall ⁵	%
Metallica	11,666,658	47.24%	16,666,658	56.12%	16,666,658	43.20%	16,666,658	33.74%	36,362,501	73.62%
Other shareholders	13,029,185	52.76%	13,029,185	43.88%	21,917,453 ²	56.80%	18,175,028 ³	36.80%	13,029,185	26.38%
Underwriters							14,550,000 ⁴	29.46%		
Total	24,695,843	100.00%	29,695,843	100.00%	38,584,111	100.00%	49,391,686	100.00%	49,391,686	100.00%

Notes

¹ Metallica has confirmed in writing that it will only take up part of its Entitlement of \$250,000 in New Shares.

² This number does not include Shareholders who have indicated to the Company that they will not be taking up their Entitlement.

³ This number includes the Entitlement and Underwritten Shares that the Shareholder Underwriters would apply for pursuant to their respective Underwriting Deeds.

⁴ This number only represents the Underwritten Shares applied for by Non-Shareholder Underwriters. For the Underwritten Shares applied for by Shareholder Underwriters see Note 3 above.

⁵ In the unlikely event that Metallica takes up its full Entitlement and all of the Shortfall, this scenario will require documentation to be put in place whereby Metallica confirms that it will apply for its Entitlement as well as any Shortfall.

5. Risk factors

5.1 Introduction

Activities of the Company, as in any business, are subject to risks which may impact on its future performance. The Company has put in place appropriate actions, systems and safeguards for known risks, however some are outside of its control. The principal risk factors are described below.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Prospectus before you decide whether to accept New Shares.

5.2 General mining risks

An investment in the New Shares should be considered speculative due to the nature of the mining industry generally. Exploration from minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There can be no assurance that the Company's intended exploration targets will lead to the development of mining operations.

5.3 Share price fluctuations

The market price of the Company's Shares will be subject to varied and often unpredictable influences in the share market. Both domestic and world economic conditions may affect the

Prospectus

performance of the Company. Factors such as the level of industrial production, inflation and interest rates impact all commodity prices including minerals.

5.4 **Management actions**

The Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

5.5 **Government policy**

Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and Government policies in Australia, may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.

5.6 **Native title**

The High Court of Australia has recognised traditional native title rights to the land and the Commonwealth and States have passed legislation relating to native title which provides for native title claims to be made. Native title claims may be a risk in respect of future development and exploration activities of the Company.

5.7 **Environmental regulations and risks**

National and local environmental laws and regulations affect nearly all of the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. The Company will minimise the potential impact of these laws and regulations by taking steps to ensure compliance occurs and, where possible, by carrying appropriate insurance.

Significant liability could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties acquired by the Company or non-compliance with environmental laws or regulations.

5.8 **Financing**

In order to continue its activities the Company will be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise capital when it is required or that the terms associated with providing such capital will be satisfactory to the Company.

5.9 **Insurance arrangements**

The Company intends to maintain insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

Prospectus

5.10 General economic conditions

Any prolonged economic slowdown of the Australian economy as well as fluctuations between the Australian dollar and the currency of countries in which the Company may have operations, may have an adverse impact on financial performance.

6. Additional information

6.1 Transaction specific prospectus

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Prospectus is issued under Section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by the ASX at all times during the twelve (12) months before the date of the Prospectus or options to acquire such securities. Apart from formal matters, this Prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the New Shares.

Copies of the documents lodged by the Company with ASIC may be obtained from, or inspected at an office of the ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date in relation to this Prospectus:

- (a) audited financial statements for the Company for the year ended 28 February 2009;
- (b) half-yearly financial statements for the Company for the period ending 31 August 2009;
- (c) any other financial statements lodged in relation to the Company with the ASIC and any continuous disclosure notices given by the Company to the ASX, in the period starting immediately after lodgement of the half-yearly financial statements of the Company and ending on the date of lodgement of this Prospectus with the ASIC.

The above documents can also be accessed from the Company's website at www.orionmetals.com.au.

The highest and lowest prices of Shares in the Company on the ASX in the six (6) month period before the date of this Prospectus and the respective dates of those sales were 11 cents on 24 September 2009 and 6.5 cents on 3 March 2010. The Share prices set out above are on a post-Consolidation basis.

6.2 Rights and liabilities attaching to New Shares

The rights attaching to ownership of the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours. The following is a summary of the principal rights of holders of the New Shares, subject to any special rights attaching to any class of share at a future time. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

Prospectus

Voting

At a general meeting of the Company, on a show of hands, every member present in person or by proxy, attorney or representative has one (1) vote and upon a poll, every member present in person or by proxy, attorney or representative has one (1) vote for every Share held by them.

Dividends

The New Shares will rank equally with all other issued shares in the capital of the Company and will participate in dividend out of profits earned by the Company from time to time. Subject to the rights of holders of shares of any special preferential or qualified rights attaching thereto, the profits of the Company are divisible amongst the holders of Shares in proportion to the Shares held by them irrespective of the amount paid up or credited as paid up thereon. The Directors may from time to time pay to Shareholders such interim dividends as in their judgment the position of the Company justifies.

Transfer of the Shares

Uncertificated System

Transfer of Shares may be effected by an instrument of transfer in accordance with any system recognised by the Listing Rules and effected in accordance with the SCH Business Rules approved under the Corporations Act or by an instrument of transfer in any usual form or by another form approved by the Directors or recognised by the Corporations Act or the Listing Rules.

Certificated System

Subject to the Constitution and the Corporations Act, a Shareholder's share may be transferred by instrument in writing in any form authorised by the Corporations Act and the Listing Rules or in any other form authorised by the Corporations Act and the Listing Rules or in any other form that the Directors approve. No fee shall be charged by the Company on the transfer of any Shares.

Refusal to Register

The Directors, may, in their absolute discretion, refuse to register any transfer of Share or other securities where permitted to do so by the Corporations Act, the Listing Rules or the SCH Business Rules. The Directors must refuse to register any transfer of Shares or other securities when required to do so by the Corporations Act or the Listing Rules. If the Directors decline to register a transfer, the Company must within five (5) Business Days after the date of lodgement of such transfer give to the lodging party written notice of the refusal and the reasons for it.

Winding up

Upon accepting the Entitlement to New Shares and paying the Acceptance Monies, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

Future increases in Capital

The allotment and issue of any New Shares is under the control of the Directors. Subject to the Listing Rules, the Company's Constitution and the Corporations Act, the Directors may allot or otherwise dispose of New Shares on such terms and conditions as they see fit.

Prospectus

Variation of Rights

At present, the Company has only ordinary shares on issue. If the shares of another class were issued, the rights and privileges attaching to ordinary shares could only be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary shares by a three quarter (75%) majority of such holders or the written consent of the holders of at least three quarters (75%) of the ordinary shares.

General Meeting

Each holder of Shares will be entitled to receive notice of and to attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

For more particular details of the rights attaching to ordinary shares in the Company, investors should refer to the Constitution of the Company.

6.3 Rights attaching to Attaching Options

The Attaching Options will be exercisable at 12 cents each on or before 25 February 2011 and in accordance with the following terms and conditions:

- (a) the Attaching Options are exercisable on or before 25 February 2011;
- (b) the Attaching Options may be exercised by notice in writing to the Company on or before 25 February 2011 by delivering a duly completed form of notice of exercise together with a cheque for the exercise price of 12 cents per option to the Company at any time prior to the expiry date;
- (c) the exercise price for each Attaching Option will be 12 cents;
- (d) the Attaching Options may be transferred at any time;
- (e) the Company intends to seek listing of the Attaching Options on ASX;
- (f) prior to any new issue of shares or other securities in the Company to shareholders, the holders of Attaching Options issued under this Prospectus will be notified by the Company and will be afforded ten (10) Business Days before the books closing date (to determine entitlements to the issue) to exercise the Attaching Options;
- (g) holding statements will be issued for the Attaching Options. In addition, accompanying the new option holding statement, there will be endorsed a notice that is to be completed when exercising the Attaching Options. Both the option holding statement and the Notice of Exercise of Option Form are required to be duly completed and sent to the Company or the Company's Share Registry when exercising the Attaching Options. If there is more than one Option on a holding statement and prior to the expiry date those Attaching Options are exercised in part the Company will issue another holding statement for the balance of the options held and not yet exercised; and
- (h) on a reorganisation of capital, the rights of the option holder will be changed to comply with the Listing Rules then applying to a reorganisation of capital.

6.4 Rights attaching to Existing Options

The Existing Options are held by Martin Place Securities Pty Ltd and are exercisable at 80 cents each (on a post-consolidation basis) on or before 3 January 2011 and in accordance with the following terms and conditions:

Prospectus

- (a) the Existing Options are exercisable on or before 3 January 2011;
- (b) the Existing Options may be exercised by notice in writing to the Company on or before 3 January 2011 by delivering a duly completed form of notice of exercise together with a cheque for the exercise price of 80 cents per option to the Company at any time prior to the expiry date;
- (c) the exercise price for each Existing Option is 80 cents;
- (d) the Existing Options may be transferred at any time;
- (e) the Existing Options are not listed on the ASX;
- (f) prior to any new issue of shares or other securities in the Company to shareholders, the holders of Existing Options will be notified by the Company and will be afforded at least fourteen (14) Business Days before the books closing date (to determine entitlements to the issue) to exercise the Existing Options;
- (g) on a reorganisation of capital, the rights of the option holder will be changed to comply with the Listing Rules then applying to a reorganisation of capital.

6.5 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last two (2) years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the Company in connection with:
 - (1) its formation or promotion; or
 - (2) the Offer;

is set out below, in Section 6.6 and Section 6.7.

- (a) Other than as set out below, in Section 6.6 and Section 6.7 or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:
 - (1) to induce them to become, or to qualify as, a Director of the Company; or
 - (2) for services provided by a director in connection with:
 - (A) the formation or promotion of the Company; or
 - (B) the Offer.

Director	Number of Shares	Number of Directors Options to be issued upon shareholder approval ¹	Annual remuneration
David Barwick	25,000	500,000	\$36,000
Andrew Gillies	Nil	500,000	\$36,000
Adrian Day	474,250	500,000	\$36,000 ²
James Canning-Ure	30,000	1,000,000	\$60,000 ³

Notes:

Prospectus

¹ These Options are yet to be issued. The Board has approved the issue of these Options subject to Shareholder approval for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10. At the date of this Prospectus, the Company is yet to call a meeting of Shareholders at which a resolution for the issue of the Directors' Options will be put to Shareholders for approval.

² Adrian Day will be remunerated of any additional work provided to the Company outside of his role as a non-executive director for example the provision of geological consultancy services.

³ Based on a twelve month period for comparative purposes. James Canning-Ure has initially been engaged for 6 month period. See Section 6.7 for a summary of the Service Agreement for James Canning-Ure.

The rights that will attach to the Directors' Options set out in the table above are as set out in Section 6.3 of this Prospectus other than the following:

- (a) the Directors' Options to be issued to David Barwick, Andrew Gillies and Adrian Day will be exercisable at \$0.12 per Option on or before three (3) years from the date on which Shareholder approval is given for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10;
- (b) the Directors' Options to be issued to the Managing Director, James Canning-Ure, will be exercisable in two (2) tranches of 500,000 Options each with the first tranche exercisable at \$0.10 per Option and the second tranche exercisable at \$0.15 per Option;
- (c) the Directors' Options will not be listed on the ASX;
- (d) the Directors' Options may not be transferred at any time;
- (e) the Directors' Options will expire on the earlier of:
 - (1) the date being three (3) years from the date on which Shareholder approval is given for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10 unless earlier exercised;
 - (2) the Business Day after the expiration of three (3) months, or any longer period which the Board may determine, after the Option Holder ceases to be a Director, contractor or employee of the Company or an associated body corporate of the Company; or
 - (3) the date on which the Company terminates any executive or service agreement with the Director.

6.6 Underwriting Agreements

Jien Mining Pty Ltd

The Company has entered into the Underwriting Deed with Jien Mining Pty Ltd (**Jien Mining**).

Set out below is a summary of the material terms of the Underwriting Deed:

- (a) Jien Mining has agreed to underwrite up to \$400,000 worth of the Shortfall (**Underwritten Shares**) for which Jien Mining will not be entitled to any fee;
- (b) The Company has agreed to allocate to Jien Mining the Underwritten Shares in priority to other Underwriters who have applied for Shortfall;
- (c) The Underwriting Agreement provides that the Underwriter may terminate its obligations to underwrite the Offer upon the happening of the following:
 - (1) ASX announces or makes a statement to any person that the Company will be removed from the official list of the ASX or its shares will be suspended from quotation, or removes the Company from the official list or suspends its

Prospectus

securities, other than in relation to any trading halt or suspension (or announcement by the ASX of such trading halt or suspension) made in accordance with the agreement of the Underwriter;

- (2) There is a material adverse change, or there is a development involving a prospective material adverse change, in the financial position, results, operations, assets, losses, liabilities, business, performance, profits, losses, value or prospects of the Company other than where the same arises due to facts or circumstances beyond the control of the Company, acting reasonably;
- (3) The ASX All Ordinaries Index or the Dow Jones Industrial Average Index falls by an amount that is ten (10%) or more of the level of that index as at the date of execution of this Deed and remains below that level for two (2) trading days prior to the Closing Date;
- (4) The ASX Base Metals Index falls by an amount that is 10% or more of the level of that index as at the date of execution of this Deed and remains below that level for two (2) trading days prior to the Closing Date;
- (5) A major outbreak of hostilities not presently existing (whether or not war has been declared) other than East Timor, Papua New Guinea, Solomon Islands or any other Pacific nation, or a major escalation of existing hostilities (whether or not war has been declared) occurs, or a national emergency is declared by Australia, a neighbouring country (other than East Timor, Papua New Guinea, Solomon Islands or any other Pacific nation), or any substantial economic country, or a significant act of terrorism or substantial civil or political unrest occurs anywhere in the world, in each case the effect of which is such as to make it, in the reasonable judgement of the Underwriter, likely to materially and adversely affect the trading price of the Shares on the ASX;
- (6) An event set out in section 652C of the Corporations Act occurs;
- (7) The Company is or becomes unable to pay its debts when they are due or is or become unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;
- (8) There is a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom; and
- (9) There is a suspension or material limitation of trading for a continuous period of not less than three (3) Business Days in all securities quoted or listed on the ASX, the New York Stock Exchange or the London Stock Exchange.

Other underwriters

The Company has entered into underwriting agreements with other non-shareholder entities (**Non-shareholder Underwriters**) as follows:

- (a) Golden Breed Pty Ltd (**Golden Breed**), an entity controlled by Andrew Gillies, has agreed to underwrite up to \$57,500 worth of New Shares;
- (b) Asden Investments Pty Ltd has agreed to underwrite up to \$50,000 worth of New Shares;
- (c) Burton Holdings (Qld) Pty Ltd has agreed to underwrite up to \$20,000 worth of New Shares.
- (d) Murdoch Capital Pty Ltd has agreed to underwrite up to \$50,000 worth of New Shares;

Prospectus

- (e) Syracuse Capital Pty Ltd has agreed to underwrite up to \$50,000 worth of New Shares; and
- (f) Taylor Collison Limited has agreed to underwrite up to \$100,000 worth of New Shares.

The Non-shareholder Underwriters have agreed that Jien Mining will be allocated any Shortfall in priority to Non-shareholder Underwriters who have applied for Shortfall. The Non-shareholder Underwriters will be not entitled to be paid any fee in consideration for performing their obligations. The termination events in the underwriting agreements for Non-shareholder Underwriters are the same as set out above for the underwriting agreement for Jien Mining.

The Company has also entered into underwriting agreements with certain Shareholders (**Shareholder Underwriters**) as follows:

- (a) Chivas Group Pty Ltd (**Chivas**), an entity controlled by David Barwick, has agreed to apply for its full entitlement under this Issue and underwrite up to \$125,000 worth of New Shares;
- (b) Robert James Canning-Ure as trustee for the James Canning-Ure Family Trust (**Trust**), an entity controlled by James Canning-Ure, has agreed to apply for its full entitlement under this Issue and underwrite up to \$125,000 worth of New Shares;
- (c) Australian Asiatic Gems Pty Ltd (**AAG**), an entity controlled by Adrian Day, has agreed to underwrite up to \$7,500 worth of New Shares;

The Shareholder Underwriters have agreed that Jien Mining will be allocated any Shortfall in priority to Shareholder Underwriters who have applied for Shortfall. The Shareholder Underwriters will be not entitled to be paid any fee in consideration for performing their obligations. The termination events in the underwriting agreement for Shareholder Underwriters are the same as set out above for the underwriting agreement for Jien Mining.

Chivas, Golden Breed, Trust and AAG (**Director Entities**) are entities which are controlled by Directors of the Company indicated above. The Director Entities are related parties of the respective Director for the purposes of Chapter 2E of the Corporations Act. The Company has formed the view that the terms of the underwriting agreements entered into with the Director Entities are on arms' length basis and as such, shareholder approval is not required in order to enter into these underwriting agreements.

6.7 Service Agreement

The Company entered into a Service Agreement on with James Canning-Ure who was appointed to act as the Managing Director of the Company effective from 18 March 2010 on a part time basis for a period of six (6) months and thereafter on a month to month basis.

Mr Canning-Ure will be paid a fee of \$5,000 plus GST per month by the Company, and, subject to approval by the shareholders of the Company for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10, will be issued one 500,000 sign-on Options exercisable at 10 cents and 500,000 incentive Options exercisable at 15 cents.

Either party can terminate the Service Agreement by providing three (3) months' written notice or such other period as mutually agreed between the parties. Grounds for termination by the Company include (but are not limited to) committing an act of serious misconduct or a serious and/or persistent breach of a term or terms of the Service Agreement, becoming bankrupt or being dealt with by a court for a criminal offence which the Board reasonably considers might injure the Company's reputation. Mr Canning-Ure may terminate the Service Agreement immediately if there occurs a significant diminution of his job content, status, responsibilities or authority.

Prospectus

6.8 Limitation on foreign ownership

The only limitations under Australian law on the rights of non-Australian residents to hold or vote the shares of an Australian company are set forth in the Foreign Acquisitions and Takeovers Act (**the FATA**). The FATA regulates acquisitions giving rise to ownership of substantial amounts of a company's shares. The FATA prohibits:

- (a) any natural person not ordinarily resident in Australia; or
- (b) any corporation in which either a natural person not ordinarily resident in Australia or a foreign corporation (as defined in the FATA) holds a substantial interest (defined below); or
- (c) two or more such persons or corporations which hold an aggregate substantial interest (defined below), from entering into an agreement to acquire shares if after the acquisition such person or corporation would hold a substantial interest in a corporation, without first applying in the prescribed form for approval thereof by the Australian Treasurer and receiving such approval or receiving no response in the forty (40) days after such application was made.

A holder will be deemed to hold a substantial interest in a corporation if the holder alone or together with any associates (as defined in the FATA) is in a position to control not less than fifteen percent (15%) of the voting power in the corporation or holds interests in not less than fifteen percent (15%) of the issued shares in that corporation. Two or more holders hold an aggregate substantial interest in a corporation if they, together with any associates (as so defined), are in a position to control not less than forty percent (40%) of the voting power in that corporation or hold not less than forty percent (40%) of the issued shares in that corporation.

The Constitution of the Company contains no limitations on a non-resident's right to hold or vote the Company's Shares.

6.9 Subsequent events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

6.10 Litigation

The Company is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company or its business.

6.11 Interests of experts and advisors

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last 2 years, any interest in:

Prospectus

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or
- (c) the Offer of New Shares under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) offer of New Shares under this Prospectus.

HopgoodGanim Lawyers has acted as solicitors to the Offer and has performed work in relation to the Prospectus and in relation to preparing the due diligence and verification program and performing due diligence required on legal matters, however, they do not make any statement in this Prospectus. In respect of this work, the Company estimates that it will pay approximately \$30,000 (excluding disbursements and GST) to HopgoodGanim Lawyers. Further amounts may be paid to HopgoodGanim Lawyers in accordance with its normal time based charges.

6.12 Expenses of the offer

All expenses connected with the Offer are being borne by the Company. Total expenses of the Offer are estimated to be in the order of \$30,000.

6.13 Consents and disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

Link Market Services Limited has given and has not withdrawn its consent to be named in this Prospectus as the share registry of the Company in the form and context in which it is named. It has had no involvement in the preparation of any part of this Prospectus other than recording its name as share registrar to the Company. It takes no responsibility for any part of the Prospectus other than the references to its name.

The Underwriters have given and have not withdrawn their consent to be named in this Prospectus as Underwriter in the form and context in which they are named. The Underwriters take no responsibility for any part of the Prospectus other than references to their names.

HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Prospectus as lawyers to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Prospectus

6.14 Directors' statement

This Prospectus is issued by Orion Metals Limited. Each director has consented to the lodgement of the Prospectus with the ASIC.

Signed on the date of this Prospectus on behalf of Orion Metals Limited by

A handwritten signature in black ink, appearing to read 'David K Barwick', is written over a horizontal line. The signature is stylized and somewhat cursive.

David K Barwick
Chairman of the Board of Directors

Prospectus

7. Definitions & glossary

Terms and abbreviations used in this Prospectus have the following meaning:

Acceptance	An acceptance of Entitlements
Acceptance Monies	The Issue Price multiplied by the number of New Shares accepted for
Additional Shares	Those Shares which Eligible Participants may apply for under this Prospectus in excess of their Entitlement, in the event that there is a Shortfall
Applicant	A person who submits an Entitlement and Acceptance Form
Attaching Option	An option to subscribe for an ordinary share in the Company exercisable at 12 cents each on or before 25 February 2011 to be issued on the basis of one (1) Attaching Option for every two (2) New Shares allotted under the Issue
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
ASX Approval	The ASX agreeing to quote the New Shares issued under this Prospectus on the official list of the ASX
Board	The board of directors of the Company
Business Day	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Brisbane
Closing Date	The date by which valid Acceptances must be received by the Share Registry being 5pm (Brisbane time) 12 May 2010 or such other date determined by the Board
Company or Orion	Orion Metals Limited ABN 89 096 142 737
Constitution	The Constitution of the Company
Corporations Act	<i>Corporations Act</i> 2001 (Cth)
Directors	The directors of the Company from time to time
Eligible Participant	A shareholder of the Company that holds Shares in the Company on the Record Date

Prospectus

Entitlement and Acceptance Form or Form	An entitlement and acceptance form in the form accompanying this Prospectus
Entitlement	The entitlement to accept New Shares under this Prospectus on the basis of one (1) New Share for every Share held on the Record Date
Existing Options	All existing options to subscribe for Shares currently on issue as at the date of this Prospectus
Foreign Shareholder	A shareholder of the Company whose address, as shown in the register of the Company, is a place outside Australia or its external territories or New Zealand
Hard Copy Prospectus	Paper version of this Prospectus
Inferred Resource	has the meaning provided for that term under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)
Issue or Offer	The issue of New Shares in accordance with this Prospectus
Issue Price	Five (5) cents for each New Share applied for
Law	The Corporations Act or any relevant and applicable law in Australia
Listing Rules	The official listing rules of the ASX
Measured Resource	has the meaning provided for that term under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)
Metallica or MLM	Metallica Minerals Limited ACN 076 696 092 (ASX Code: MLM)
New Shares	The Shares in the Company to be issued pursuant to the Offer under this Prospectus.
Non-shareholder Underwriters	The non-shareholder underwriters set out in Section 6.6
Official List	The official list of entities that ASX has admitted and not removed
Official Quotation	Quotation on the Official List
Online Prospectus	The electronic version of this Prospectus which can be viewed at www.orionmetals.com.au .

Prospectus

Opening Date	The date of commencement of the Offer in respect of the New Shares, expected to be 14 April 2010.
Option Holders	The holders of the Existing Options
Options	Options on issue in the Company from time to time
Prospectus	This prospectus dated 24 March 2010 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
Record Date	7 April 2010
Register	Company register of Orion Metals Limited
SCH Business Rules	Securities Clearing House Business Rules
Securities	Has the same meaning as in Section 9 of the Corporations Act
Share Registry	Link Market Services Limited
Shares	The ordinary shares on issue in the Company from time to time
Shareholders	The holders of Shares from time to time
Shareholder Underwriters	The shareholder underwriters set out in Section 6.6
Shortfall	Those New Shares for which the Entitlement lapses
Underwriters	Jien Mining Pty Ltd, Shareholder Underwriters and Non-shareholder Underwriters as set out in Section 7.6 of this Prospectus
Underwriting Agreement	The agreement between the Underwriters and the Company summarised in Section 6.6 of this Prospectus