

ASX Release

12 April 2010

RIGHTS ISSUE PROSPECTUS DESPACHED

On 19 March 2010 the Company ('ORM') announced details of an underwritten rights 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¢ 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¢ on or before 25 February 2011. The Company has made application for the New Shares and Options to be quoted on ASX.

Full terms of the Issue and the Attaching Options are contained in a Prospectus which has been mailed today to all eligible shareholders with addresses in Australia and New Zealand. For shareholders in other countries (Foreign Holder) the attached letter has been sent out with the Prospectus. The Prospectus is also available on the company's website: www.orionmetals.com.au.

The Offer will open on 14 April 2010 and is due to close on 12 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.

For further information, please contact:

Bill Lyne
Company Secretary
Mobile: 0418 874 175
Email: bill@companysecretary.com.au

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Dear Shareholder,

Orion Metals Limited (ORM or the Company) has recently announced the non-renounceable rights issue of ordinary fully paid shares in the Company (New Shares) to existing shareholders of the Company that are resident in Australia and New Zealand (Rights Issue). The Rights Issue Prospectus was lodged with the Australian Securities and Investments Commission on 24 March 2010. The Issue is an offer of one (1) New Share at an issue price of \$0.05 each 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 Issue.

The Issue does not extend to the shareholders of the Company whose registered address is outside Australia or New Zealand (Foreign Holder) for the reasons detailed below.

We enclose a copy of the Prospectus which is provided to you, as a Foreign Holder, **for information purposes only** as required by section 9A(3)(b) of the Corporations Act 2001 (Cth) (Corporations Act).

Pursuant to Australian law, specifically section 9A(3)(a) of the Corporations Act, the Company has decided that it is unreasonable to offer securities under the Rights Issue for issue to ORM Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Rights Issue is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to, Foreign Holders.

If you have any queries, please do not hesitate to contact the Company on telephone +61 7 3249 3060 or by email to admin@orionmetals.com.au.

Yours faithfully,



David Barwick
Chairman

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