



outbackmetals

OUTBACK METALS LIMITED
(ASX: OUM)

ASX and Media Release

25 February 2009

- 1 for 1 Pro Rata Non-Renounceable Rights Issue to raise up to \$4.99 million if fully subscribed
- Proceeds to provide funding for further exploration activities
- Trading update

Outback Metals Limited (**OUM** or the **Company**) announces a non-renounceable pro rata rights issue (**Rights Issue**) to holders of shares in the Company (**Shareholders**) with a registered address in Australia and New Zealand (**Eligible Shareholders**) as at 7pm on 9 March 2010 (**Record Date**).

Pursuant to the rights issue, the Company will issue up to 166,377,883 fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of \$0.03 each, to raise up to a maximum of \$4.99 million (before costs).

The New Shares will be offered on the basis of 1 new share for every 1 fully paid ordinary share (**Shares**) held in the capital of the Company as at the Record Date (**Entitlement**). The right to subscribe for New Shares in accordance with an Entitlement under the Offer (**Rights**) will be non-renounceable.

In addition to the Entitlement, Shareholders will be offered the opportunity to subscribe for shares in excess of their Entitlement (**Shortfall Facility**). Allocations of such additional shares will be determined by the Board and will be dependent on the extent of any shortfall in take up by other shareholders and compliance with the Corporations Act and ASX Listing Rules by any shareholder wishing to take up any additional shares.

To the extent that a Shareholder does not take up their Entitlement, their interest in the Company will be diluted.

The New Shares and shares issued under the Shortfall Facility will be fully paid and will rank equally with the Company's existing issued shares. The Company will make an application to the ASX for official quotation of the New Shares and shares issued under the Shortfall Facility.

The number of issued Shares at the date of this notice and the total number of issued Shares at the close of the Offer are as follows:

Number of Shares currently on issue:	166,377,883
Maximum number of New Shares to be issued under the Offer:	166,377,883
Maximum number of Shares on issue upon completion of the Offer:	332,755,766

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In addition, the Company currently has 18,146,750 unquoted options on issue.

The Rights Issue is not underwritten.

The Company is also intending to potentially secure additional capital on the Company's behalf via a placement to sophisticated and professional investors to raise capital in the event and to the extent that the Offer raises less than the maximum amount of \$4.99M.

Proceeds from the Offer will be used to provide funding for the Company's exploration activities.

Rights issue timetable

EVENT	DESCRIPTION	DATE
Announcement of Rights Issue and lodgement of Appendix 3B	The Offer was announced	25 February 2010
Record date	The date for determining entitlements to new shares under the Offer	7:00pm (Melbourne time) on 9 March 2010
Offer document despatch date	Offer documents lodged with ASX and despatched to eligible shareholders	15 March 2010
Opening date	The Offer opens	15 March 2010
Closing date	The Offer closes	5:00pm (Melbourne time) on 6 April 2010
Shortfall notification date	ASX is notified of any shortfall	9 April 2010
Issue date	New shares applied for under the Offer are issued	9 April 2010
Holding statement despatch date	Holding statements are despatched to participating shareholders	14 April 2010
Normal trading start date	Normal trading of new shares issued under the Offer commences on ASX	15 April 2010

This timetable is indicative only and subject to change. Subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, the Directors of the Company reserve the right to vary these dates, including the closing date of the Offer, without prior notice. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment. In that event, application money will be returned without interest.

Full details of the terms and conditions of the Rights Issue will be contained in the Offer Document to be lodged with the ASX and to be despatched to Eligible Shareholders in accordance with the timetable set out above.

Effect of Offer on control of the Company

If all eligible shareholders take up their entitlements in full, then the Offer will have no effect on the control of the Company. If some eligible shareholders do not take up all of their entitlement under the Offer, then the shareholding interests of those eligible shareholders in the Company will be diluted. The proportional interests of overseas shareholders excluded from the Offer may be diluted because such shareholders are not entitled to participate in the Offer.

Although the issue of New Shares to the existing substantial shareholders (persons who have a relevant interest in 5% or more of the Company) may increase the shareholding interests of those persons in the Company, these arrangements are not expected to have any material effect on the control of the Company.

The current relevant interests of the substantial shareholders of the Company are as follows:

SUBSTANTIAL SHAREHOLDERS		
Name	Current Holdings	%
TERRITORY DEVELOPMENT CORPORATION PTY LTD	73,252,250	44
MR GRAHAM CHRISP	26,747,750	16

An analysis of the potential change in control of the Company has been undertaken to indicate the effect on the total relevant interests of the substantial shareholders should they take up their entitlement in full under the Offer.

The table below shows the shareholder interests of the current substantial shareholders if the substantial shareholders take up all of their entitlements and other shareholders take up their entitlements in the manner set out below:

Substantial Shareholder	% of total shares before Offer	% of total shares after Offer			
		Take up of entitlements by eligible shareholders (other than the substantial shareholder)			
Name		100%	75%	50%	0%
TERRITORY DEVELOPMENT CORPORATION PTY LTD	44	44	47	51	61
MR GRAHAM CHRISP	16	16	18	20	28

Use of Proceeds

As discussed above, the Rights Issue will seek to raise up to a maximum of \$4.99m. The Company requires these additional funds to further progress its exploration activities. Primarily, the funding will be used to continue the development of the Terry's Gold Prospect. Further details of the use of proceeds are contained in the next paragraph.

Exploration update

Over the past year the Company has made some significant discoveries on its exploration properties in the Northern Territory. The areas of the discoveries are remote and difficult to access and there has been only cursory previous exploration work done. The Board believes that these new discoveries warrant further in-depth exploration.

The Mt Wells drilling interpretation has been hampered by delays in achieving acceptable analytical results however the location of the ore zones are more clearly defined and gaps in the drill results have been identified. There is still a need to extend the ore bodies along strike and at depth and an

initial twelve-hole diamond drilling program is proposed to commence this year. Also Geoscience Australia (GA) conducted airborne electromagnetic (AEM) surveys over some of the tenements (see below) and these AEM surveys have identified some concealed granite bodies, which might be mineralised with tin and copper lodes.

A review of tenements for uranium exploration potential has identified over twenty tenements with high potential for uranium occurrences. Your Board is inviting expressions of interest from specialist uranium exploration companies to help develop these tenements further or failing any such agreement will look at forming a specialty cell within the Company to do the exploration itself.

During 2009 GA conducted AEM surveys over the Rum Jungle and Woolner Districts and the Kombolgje areas of western Arnhem Land. These surveys have provided coverage over most of OUM group's of tenements. GA used proprietary technologies including Fugro TEMPEST and Geotech VTEM systems to search for deeply buried conductors, which might correspond to or be associated with concealed base metal sulphide and uranium mineralisation. The preliminary interpretations of the flight line data pertaining to OUM's tenements are now complete and have identified quite a number of targets most of which will require drilling and/or infill flight lines.

The Company's exploration program at Terry's and Silver Strike will include a detailed helicopter magnetic and radiometric survey in parallel with known gold mineralization. The helicopter magnetic and radiometric survey results will be used to carry out further geological mapping, excavator trenching, soil and rock samplings, diamond core drilling and other related activities to further assess the opportunities. The Company will also expand the 2009 geochemical soil grids to fully delineate newly discovered gold anomalism well beyond the prospect previously drilled by Carpentaria Exploration Company.

The Company will also carry out infill AEM surveys to define concealed deep targets for drilling and as appropriate, carry out drilling of the AEM targets defined in the Pine Creek Orogen to further assess the opportunities.

In summary, the Company's preliminary estimate indicates that up to \$2.0 million will be required this year to meet the activities required to further assess the opportunities. Funds raised in excess of the \$2.0 million will be used for working capital and to further progress opportunities which are confirmed from the exploration activities outline above.

Summary

Each Director that owns shares in the Company has indicated that they will be participating in the Rights Issue. However the Rights Issue represents an investment that carries its own particular risk and you should obtain any professional advice you require to evaluate whether or not to participate in the Rights Issue and the Shortfall Facility.

On behalf of the Board of OUM, I invite you to consider this opportunity.

Yours sincerely

Leonard A. Dean
Chairman

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. William Fraser, who is a Fellow of The Australasian Institute of Mining and Metallurgy and is certified as a Chartered Professional (Geology). Mr. William Fraser is employed by W J Fraser and Associates Pty Ltd. Mr. Fraser has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr. Fraser consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.