



24 May 2011

ORPHEUS ENERGY RIGHTS ISSUE, PRIORITY OFFER AND PUBLIC OFFER

Orpheus Energy Limited (“Orpheus”) - ASX: OEG today announces that it has lodged a prospectus with the Australian Securities and Investments Commission and ASX for a total of 50,000,000 fully paid ordinary shares (“Shares”) at AUD\$0.25 each to raise AUD\$12,500,000 and an over subscription of up to 10,000,000 Shares at AUD\$0.25 to raise a maximum of AUD\$15,000,000.

The offer is made up of three separate offers as follows:

Rights Issue

This offer consists of a non-renounceable entitlement offer to existing shareholders of Orpheus on a 1 for 1 basis with a maximum issue of 10,760,493 Shares at an issue price of AUD\$0.25 per Share (“Rights Issue”). The Rights Issue is not underwritten. Shareholders that participate in the Rights Issue will also be entitled to one free option for every two shares subscribed for, exercisable at any time prior to 31 December 2011 at an exercise price of \$0.20 per Listed Option. Any shortfall under the Rights Issue will lapse but that part of the balance not taken up under the Rights Issue by existing Orpheus Shareholders will be offered to the Lead Manager, BBY Limited without the option entitlement.

Priority Offer

This consists of an offer to Coalworks (ASX: CWK) shareholders to each subscribe for up to AUD\$15,000 worth of Orpheus Shares at an issue price of AUD\$0.25 per share (up to 60,000 Shares) to a maximum aggregate amount of AUD\$5,000,000 (up to 20,000,000 Shares). There is no option entitlement attached to this priority offer. Any shortfall under this offer will be offered to the Lead Manager, BBY Limited.

Public Offer

This offer consists of an offer to the public of up to 50,000,000 Shares under the Prospectus and an oversubscription of up to 10,000,000 shares by way of a public offer to new investors. Shares in this public offer will be offered at AUD\$0.25 per share. There is no option entitlement attached to this public offer.

Note: The number of Shares on offer to the public will be the balance available after the take up of the Rights Issue and Priority Offer outlined above. This public offer is

conditional on shareholder approval being granted in accordance with the Notice of Meeting circulated to shareholders by Orpheus on 13 May 2011.

Orpheus expects the Rights Issue to be conducted according to the following timetable:

Lodgment of Prospectus with ASIC and Announcement to ASX	24 May 2011
Notice to Shareholders	26 May 2011
Ex Date	27 May 2011
Record Date	2 June 2011
Opening Date	3 June 2011
Despatch of Prospectus	6 June 2011
Closing Date of Rights Issue	21 June 2011
Orpheus Notifies ASX of Under subscriptions	22 June 2011
Issue and Allotment of Securities	29 June 2011
Reinstatement to Official Quotation	8 July 2011

Orpheus expects the Priority Offer to be conducted according to the following timetable:

Lodgment of Prospectus with ASIC and Announcement to ASX	24 May 2011
Opening Date	3 June 2011
Despatch of Prospectus to Coalworks Shareholders	6 June 2011
Closing Date of Priority Offer	21 June 2011
Issue and Allotment of Securities	29 June 2011
Reinstatement to Official Quotation	8 July 2011

Orpheus expects the Public Offer to be conducted according to the following timetable:

Lodgment of Prospectus with ASIC and Announcement to ASX	24 May 2011
Opening Date	3 June 2011
Closing Date of Public Offer	21 June 2011
Issue and Allotment of Securities	27 June 2011
Reinstatement to Official Quotation	8 July 2011

The above dates, other than the date for the lodgment of the Prospectus with ASIC, are indicative only and each or any of them may be varied without notice. Orpheus reserves the right to extend the closing date, subject to the ASX Listing Rules in which case the date of issue of the shares will alter accordingly. For further information please refer to the Prospectus which is available on both the ASX website and at the Orpheus website (www.orpheusenergy.com.au).

For and on behalf of
ORPHEUS ENERGY LIMITED

Nathan Bartrop
COMPANY SECRETARY