



ASX Release

19 March 2010

UNDERWRITTEN RIGHTS ISSUE TO RAISE APPROX \$1.25 MILLION

Orion Metals Limited (ASX-ORM) is pleased to announce a non-renounceable rights issue to ORM shareholders (**Rights Issue**).

The Rights Issue which will raise approximately \$1.24 million with funds being used to carry out a drilling program at its wholly owned Top Camp Gold project, securing additional Rare Earth or Tech Metal Project opportunities and for additional working capital.

Mr David Barwick, Chairman of Orion Metals said that in addition to Underwriting Support from several broking Companies, current shareholders and directors, Jien Mining Pty Ltd has agreed to underwrite the first 30% of any shortfall in the Rights Issue after any additional Rights Issue shares applied for by current shareholders (in addition to their entitlement) have been allocated. Mr Barwick further stated that as ORM shares had been consolidated on a four for one basis last year this would give smaller shareholders the opportunity to top up their holdings.

The major terms of the Rights Issue are as follows:

- One (1) Rights Issue Share will be offered for every existing ORM share with one (1) attaching option for every two (2) Rights Issue Shares applied for;
- Rights Issue Shares will be issued at an issue price of five (5) cents per share;
- The Rights Issue will raise approximately \$1.24 million before costs of the Offer.

The indicative Rights Issue Timetable and Appendix 3B are attached to this Release.

Orion Metals Limited currently has funds on hand of approximately \$200,000 (before the Rights Issue).

For further information, please contact:

Bill Lyne

Company Secretary

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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 holding 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

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

ORION METALS LIMITED

ABN

89 096 142 737

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---------------------|
| 1 | +Class of +securities issued or to be issued | (a) Ordinary shares |
| | | (b) Options |

+ See chapter 19 for defined terms.

<p>2 Number of +securities issued or to be issued (if known) or maximum number which may be issued</p>	<p>(a) 24,695,843 ordinary shares (b) 12,347,922 options, subject to rounding</p>
<p>3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p>	<p>Non-renounceable rights issue on 1 for 1 basis, with 1 attaching option for every 2 new shares:</p> <p>(a) Fully paid ordinary shares (b) Options, exercisable at 12 cents, expiry 25 February 2011</p> <p>with both securities to be quoted on ASX</p> <p>Offer opens 14 April 2010 and closes 12 May 2010 and is expected to be fully underwritten</p>
<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Shares issued will rank equally with all other issued shares, including for dividends</p>
<p>5 Issue price or consideration</p>	<p>(a) 5 cents per share (b) Nil</p>

+ See chapter 19 for defined terms.

<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Funds raised by the rights issue will be utilised for:</p> <ul style="list-style-type: none"> • drilling program at the Top Camp Gold Project • acquisition of further gold, rare earth or tech metal projects • testing of new project tenements in north Queensland • working capital • offer costs
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<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>Expected 20 May 2010</p>
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	Number	+Class
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<p>49,391,686</p>	<p>Fully paid ordinary shares</p>
	<p>12,347,922</p>	<p>12 cents Options, expiring 25 February 2011</p>

	Number	+Class
<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<p>500,000</p>	<p>80 cents Options, expiring 3 January 2011</p>

+ See chapter 19 for defined terms.

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the +securities will be offered

14 +Class of +securities to which the offer relates

15 +Record date to determine entitlements

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

17 Policy for deciding entitlements in relation to fractions

18 Names of countries in which the entity has +security holders who will not be sent new issue documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.

19 Closing date for receipt of acceptances or renunciations

+ See chapter 19 for defined terms.

20	Names of any underwriters	To be advised
21	Amount of any underwriting fee or commission	Nil
22	Names of any brokers to the issue	None
23	Fee or commission payable to the broker to the issue	Nil
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Nil
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	13 April 2010
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	24 March 2010
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable

+ See chapter 19 for defined terms.

- 30 How do +security holders sell their entitlements *in full* through a broker? Not applicable
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance? Not applicable
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)? Not applicable
- 33 +Despatch date 20 May 2010

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

- (a) Securities described in Part 1
- (b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
TO BE PROVIDED FOLLOWING DESPATCH

+ See chapter 19 for defined terms.

- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
TO BE PROVIDED FOLLOWING DESPATCH

- 37 A copy of any trust deed for the additional +securities
Not applicable

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought

- 39 Class of +securities for which quotation is sought

- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 19 March 2010
(Company secretary)

Print name: Bill Lyne

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