

17 May 2010

ASX Announcement

RIGHTS ISSUE SUCCESSFULLY COMPLETED

On 19 March 2010 Orion Metals Limited (ORM) announced a fully underwritten non-renounceable rights issue to existing shareholders of 1 new share for every existing ORM share held at 5¢ per share, which also entitled successful applicants to 1 attaching option for every 2 new shares allotted. The options have an exercise price of 12¢ each and expire on 25 February 2011.

The Directors are now pleased to announce that the issue, which opened on 14 April 2010, closed on 12 May 2010 with applications for a total of 12,689,930 new shares. In view of the level of take up of the issue by some existing shareholders in addition to their pro rata entitlement, the Board has decided to place the residual shortfall of 12,005,913 shares (\$600,296) with the non-related party underwriters and is advising those eligible underwriters of their respective entitlements to that allocation.

Funds raised under the rights issue of \$1.235m before issue costs will be used in accordance with the prospectus, which is to commence a drilling program on the 100% owned Top Camp gold project and to advance the rare earth and tech metals projects that are owned or will be acquired in the future.

New shares issued under the rights issue will be allotted on 19 May 2010 and rank equally with existing ORM shares, with trading expected to commence on ASX on 21 May 2010. Attaching options will also be allotted 19 May 2010 and are expected to trade on ASX from 21 May 2010.

To maximise the fundraising opportunities currently before ORM, the Company has agreed to a further placement of securities to those related party underwriters who have foregone their entire entitlement to receive any residual shortfall pursuant to the underwriting. This separate placement will:

- consist of a further issue of 6,300,000 shares at an issue price of 5¢ per share and 3,150,000 attaching options;
- raise a further \$315,000 for ORM;
- otherwise be on the same terms that were offered under the rights issue; and
- be subject to shareholder approval.

The money raised under the further issue will be directed towards expediting ORM's current exploration program and to satisfy working capital requirements. Further details of the issue will be included with the shareholder meeting materials that will be sent to ORM shareholders shortly.

The Chairman, Mr. David Barwick, stated that in such an uncertain market the support received by existing shareholders and underwriters was most pleasing and the funds will be expended to ensure maximum benefit is obtained from this investment.

Transaction Confirmation Statements for new shares and options issued under the rights issue will be dispatched by 20 May 2010.

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