



26 April 2012

ASX Release

ORION METALS LIMITED (ASX: ORM) TO ACQUIRE REMAINING SHARES IN KOREAN REE COMPANY

- ***ORM announces the signing of an agreement to acquire the interests of the major shareholders in South Korean REE Company, Ultimate Resources Pty Ltd (Ultimate)***
- ***Offer to be extended to remaining shareholders on same terms and conditions***
- ***Ultimate holds rights to acquire and explore 2 exciting REE properties in South Korea***

ORM announces that the Company has reached an agreement to acquire the shares held by the major shareholders of Ultimate Resources Pty Limited (Ultimate). The Company is also extending the offer to the remaining shareholders of Ultimate on the same terms and conditions as for the major shareholders.

The agreement with the major shareholders and the offer to the remaining shareholders will result in the exchange of 3 ORM shares for each Ultimate share. Both the agreement and the offer are subject to shareholder and regulatory approvals and the acceptance of the minority shareholders.

ORM which currently holds 17.1% of the issued capital of Ultimate will acquire a further 63.3% of the Company through its agreement with the major shareholders and the remaining 19.6% through the offer. The transaction which is expected to be completed following the ORM Annual General Meeting in late June will see ORM issue an additional 15,956,421 shares for the 5,318,807 Ultimate shares it does not currently hold.

Chairman David Barwick stated: "We are extremely pleased to be able to obtain this agreement with the major shareholders of Ultimate and to make the offer to the remaining shareholders. With South Korea located in the middle of the world's leading electronic and technology producing countries the opportunity to develop projects supplying raw materials to these industries is very exciting."

"The acquisition of Ultimate Resources provides Orion with strong REE based projects in three geographically diverse regions with Killi Killi located in Western Australia, the Fulford and Bonnor Creeks and Broughton projects in Queensland and now Eorae San and Hong Chon in South Korea."

Ultimate Resources Pty Ltd

Ultimate is an Australian private company, which through its 100% owned Korean subsidiary has negotiated the acquisition of two highly prospective REE projects in central South Korea, Eorae San and Hong Chon.

The **Eorae San** project is hosted in alkali igneous rocks and outcrops over 2kms of strike length, and has been partly quarried in the past for magnetite within the REE-Zr-Fe mineralised system. Exotic rock types host a complex suite of metals including niobium, hafnium, zirconium and REE minerals. The mineralised body outcrops strongly and is amenable to open-pit mining in a sparsely populated district. As quarrying activities have been conducted on parts of the licence in the past, no environmental obstacles are anticipated.

The project is contained within two mining titles:

Registration Number.	Registration Date	Land Registration Number	Area (Ha)
078368	22 Dec 2009	Chungju 124-2	68
078698	28 June 2010	Chungju 124-4	68

Key terms of the acquisition agreement follow:

- Purchase price for the project is KRW1,500 million (approximately \$A1.275 million) payable in instalments over the next 2 years as follows:
 - First instalment of KRW 100 million (approximately \$A85,000) paid on Completion of the purchase agreement on 4 April 2012
 - KRW 400 million (approximately \$A340,000) within 3 months of the first instalment (July 2012)
 - KRW 500 million (approximately \$A425,000) within 12 months of the first instalment (April 2013)
 - A final instalment of KRW 500 million (approximately \$A425,000) within 21 months of the first instalment (January 2014)
- The obligation to pay any future instalment is subject to and conditional upon:
 - the geological information as provided to Ultimate (being the minimum requirement for development of an economic venture, and which Ultimate has used to construct the transaction) is true and correct,
 - the result of Ultimate's due diligence examination including exploration work is satisfactory to the Ultimate, and
 - there are no other impediments imposed by the laws of Korea to the development of an economic venture
- the vendor remains a "joint mining right holder" of the project until the final instalment is paid

The **Hong Chon** project is a carbonatite dyke which extends over a strike length of 2.5kms, is typically 20-25 metres thick and has been drilled to a depth of 200 metres. The authority controlling the mineral resources of Korea has conducted detailed assessments of the deposit to support the potential commercial significance of the project. The deposit hosts REE mineralisation associated with strontium, magnetite and apatite.

The project is contained within two mining titles:

Registration Number.	Registration Date	Land Registration Number	Area (Ha)
079546	27 May 2011	Jaeun 149	271
079089	13 Dec 2010	Jaeun 139	271

Key terms of the acquisition agreement follow:

- Purchase price for the project is KRW 700 million (approximately \$A595,000) payable in instalments over the next 1.5 years as follows:
 - First instalment of KRW 70 million (approximately \$A 60,000) paid on Completion of the purchase agreement in June 2011
 - KRW 100 million (approximately \$A85,000) paid in December 2011, 6 months after the first instalment
 - KRW 200 million (approximately \$A170,000) within 12 months of the first instalment (June 2012)



- A final instalment of KRW 330 million (approximately \$A280,000) within 24 months of the first instalment (June 2013)
- The obligation to pay any future instalment is subject to and conditional upon:
 - the geological information as provided to Ultimate (being the minimum requirement for development of an economic venture, and which Ultimate has used to construct the transaction) is true and correct,
 - the result of Ultimate's due diligence examination including exploration work is satisfactory to the Ultimate, and
 - there are no other impediments imposed by the laws of Korea to the development of an economic venture
- the vendor remains a "joint mining right holder" of the project until the final instalment is paid

For further information contact:

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Chairman

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Garry Gill

Chief Operating Officer

Competent Person Statement

The information in this report that relates to exploration results is based on information compiled by Mr Adrian Day, who is a Member of the Australian Institute of Geoscientists and who has sufficient experience relevant to the style of mineralisation 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 the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the "JORC Code"). Mr Day is a non-executive Director of Orion Metals Limited and is employed by Australian Asiatic Gems Pty Ltd, a consultant to the Company. Mr Day consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

About Orion Metals

Orion Metals Limited (ASX: ORM) is a Rare Earth Element (REE) and Gold explorer with exploration projects in highly prospective REE regions in the Tanami Desert in Western Australia and near the former Uranium district of Mary Kathleen in Queensland.

ORM also holds a strategic interest in Ultimate Resources Pty Ltd, which is currently acquiring two rare earth projects in central South Korea.