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ORION METALS LIMITED ENTERS INTO REVISED ARRANGEMENTS WITH ULTIMATE RESOURCES PTY LTD

Orion Metals Limited (**ORM**) is pleased to announce that it has entered into a new agreement with Ultimate Resources Limited (**Ultimate**), including its majority shareholders, and Australia Conglin International Investment Group Pty Ltd (**Conglin**) with respect to ORM increasing its stake in Ultimate (**Agreement**).

Background

As announced to the market on 26 April 2012, ORM entered into agreements with the shareholders of Ultimate to enable ORM, subject to certain conditions, to increase its stake in Ultimate from 17.1% to 100%, giving Orion control of Ultimate's highly prospective REE tenements in South Korea (**Acquisition Agreement**).

ORM has already advanced \$423,000 to Ultimate to progress the acquisition and development of these tenements, including \$100,000 secured by a Convertible Note Loan Agreement entered into with Ultimate (**Convertible Note Loan Agreement**).

Since the announcement of the Acquisition Agreement, Conglin and Orion announced a takeover bid by Conglin under the terms of the Bidder's Statement dated 31 May 2012 (as updated by Supplementary Bidder's Statements dated 22 June 2012 and 27 June 2012) (**Bidder's Statement**). As at this morning, Conglin had increased its relevant interest in Orion to 28.54%.

Key Terms

Under the Agreement:

- Ultimate will convert the existing loan of \$423,296.38 into 1,410,988 ordinary fully paid shares in Ultimate; and
- Orion will advance a further \$500,000 to Ultimate immediately (Further Funding) in return for the issue of 1,666,667 ordinary fully paid shares in Ultimate.

This will increase ORM's stake in Ultimate to 43.99% and allow ORM to appoint up to 2 nominees to the board of Ultimate.

The Further Funding will be applied towards payment of the purchase price instalment of approximately \$340,000 which is due on the Eorae San tenement in South Korea (as referred to in ORM's letter to shareholders dated 27 June 2012), as well as to the discharge of current invoices and owing amounts for previous exploration activity undertaken by Ultimate on the South Korea REE tenements and further working capital.

In addition, if Ultimate seeks to raise further capital during the next 6 months, ORM will have a first right to subscribe for those shares if the proposed subscription price is not more than \$0.30 per share.

With the entry into this Agreement, the parties have agreed that:

- the Acquisition Agreement with the majority shareholders in Ultimate (holding 63.3% of Ultimate) (**Majority Acquisition Agreement**) and Convertible Note Loan Agreement will be terminated; and



- Conglin will not rely upon the termination of the Acquisition Agreement and the entry into the Agreement as a breach of the defeating conditions under clause 7.9 of the Bidder's Statement.

Orion is entitled to terminate the remaining Acquisition Agreements as the majority Acquisition Agreement did not complete in accordance with its terms.

With the termination of the Acquisition Agreements, the approval of shareholders to the issue of shares under the Acquisition Agreement is no longer required and therefore Resolution 7 to be considered at the annual general meeting of Orion to be held this morning will be withdrawn.

David Barwick, the chairman of ORM, has stated that "the Agreement represents a mutually beneficial outcome for Orion and Ultimate as it allows Ultimate to progress the acquisition of its highly prospective REE tenements in South Korea and, in turn, enhances Orion's equity position in Ultimate without diluting Orion shareholders and also ensures that the Conglin takeover bid is able to proceed."

The board of ORM looks forward to continuing its relationship with Ultimate.