

7 October 2009

Ms Melissa Grundy
Manager, Issues (Brisbane)
ASX
PO Box 7055
Riverside Centre
BRISBANE QLD 4001

Dear Melissa

Orion Metals Limited Appendix 5B

We refer to your letter of 5 October 2009 in relation to the Orion Metals Limited (ORM) Quarterly Report for the period ended 31 August 2009 and respond as follows:

1. ORM will not be expending cash at the rate indicated for the quarter ended 31 August 2009. This quarter required annual Mining Lease rents and insurance premiums to be met. While the level of cash at the end of the quarter was \$56,000, a further \$150,000 in loan funds has not been drawn from its major shareholder (47%), Metallica Minerals Limited (ASX-MLM). In addition, the MLM Board has resolved to continue to support ORM financially in the future.
2. ORM may have similar negative cash flows in the future. However these are to be met from the combination of loan funds from MLM and proposed capital raisings to be considered in the next four months. ORM is actively seeking new projects that will be the basis for future capital raising.
3. As disclosed in the August 2009 Quarterly Report ORM is currently assessing other resource and gold opportunities. As indicated in 2. above these opportunities are to form the basis of future capital raising.
4. ORM can confirm that it is in compliance with the listing rules and in particular, listing rule 3.1.

5. ORM also advises that it is in compliance with listing rule 12.2. Access to further loan funds from MLM and the current assessment of other resource opportunities will be adequate to warrant the continuation of the quotation of ORM's securities.

If you require any further information please do not hesitate to contact our office.

Yours faithfully



Theo Psaros
Company Secretary



5 October 2009

Mr Theo Psaros
Company Secretary
Orion Metals Limited
1 Potts Street
EAST BRISBANE QLD 4169

ASX Markets Supervision Pty Ltd
ABN 26 087 780 489
Level 5
Riverside Centre
123 Eagle Street
Brisbane QLD 4000

PO Box 7055
Riverside Centre
Brisbane QLD 4001

Telephone 61 07 3835 4000
Facsimile 61 07 3832 4114
Internet <http://www.asx.com.au>

By email: tpsaros@metallicaminerals.com.au

Dear Mr Psaros

**Orion Metals Limited (the "Company")
Appendix 5B**

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 August 2009, released to ASX Limited ("ASX") on 30 September 2009 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Nil receipts from product sales and related debtors.
2. Net negative operating cash flows for the quarter of (\$154,000).
3. Cash at end of quarter of \$56,000.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

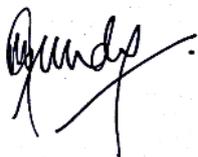
This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email at melissa.grundy@asx.com.au or on facsimile number (07) 3832 4114. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30am EDST or 8.30am Brisbane time on Thursday, 8 October 2009**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me on (07) 3835 4017.

Yours sincerely



Melissa Grundy
Manager, Issuers (Brisbane)

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