



Orion Metals Limited (ASX: ORM)

ABN 89 096 142 737

35 Hamish Street, Calamvale, Queensland

GPO Box 7115 Brisbane Qld 4001

Phone: 61 7 3272 1725

www.orionmetals.com.au

20 March 2018

Mr Christopher Dobbs
Adviser, Listings Compliance
Australian Securities Exchange
20 Bridge Street
Sydney, NSW 2000

Dear Mr Dobbs,

Orion Metals Limited (“ORM”): Appendix 5B Query

We refer to your letter of 16 March 2018 (**ASX's letter**) in relation to ORM's Appendix 5B for the quarter ended 30 November 2017.

ORM's responses to ASX's questions/information request contained in ASX's letter, are set out below. We have adopted the same numbering used in the questions/request section of ASX's letter.

1. ORM expects to continue to have negative operating cash flow for the time being, noting the following:
 - ORM is a minerals exploration entity and until ORM makes an economically viable discovery then extracts and sells the minerals, ORM will have no cash income so every quarter will be net operating cash flow negative;
 - cash at the end of the quarter was \$171,000 being sufficient to cover the following quarter's estimated outlays; and
 - we confirm there was a typographical error in the next quarter estimated cash outflow and the number should have been \$90,000.
2. Yes. ORM has 160,000,000 options on issue (unquoted) exercisable at \$0.005 each which, when exercised, will raise up to an additional \$800,000 in cash. The option holder for these options has advised that 20,000,000 options should be exercised by 29 March 2018, which will raise \$100,000 with the balance of the options expected to be exercised before the expiry date of the options, being 21 July 2018.

As announced to the market on 23 February 2018, ORM has entered into a farm-in agreement with PVW Resources NL (**PVW**). Under this arrangement, PVW has agreed to solely fund the joint venture activities of the Tanami West Project during the earn-in period and subsequently, each of PVW and ORM will contribute to the joint venture costs in proportion to their interests in the joint venture. This will result in ORM's commitments for the Tanami West Project being significantly reduced in both the short and long term. In view of this situation, the ORM Board considers that



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ORM's financial condition is adequate to warrant the continued quotation of its securities and its continued listing on ASX.

3. With cash from exercised options and the farm-in agreement (see paragraph 2 above) ORM expects to be able to continue its exploration activities and commitments and to meet its business objectives.
4. Please refer to the responses set out in paragraphs 1 and 2 above.
5. ORM confirms that is in compliance with Listing Rule 3.1 and there is no other information available which has not been released to the market. In this regard, the Board notes the Chairman's address to ORM's Annual General Meeting on 20 July 2017, which was released to the market that day, stated, amongst other things, that:

"Directors will continue investigating potential sources of funding or any joint venture opportunity across all projects to enable the consolidated entity to continue operations and carry out its exploration program over the next twelve months. The Company will also continue to seek out any other potential good assets to become involved with to further increase value for the benefit of all shareholders."

The Board notes that whilst the Directors have considered 'other potential good assets' they have not at this stage reached any decision on introducing other assets into ORM.

6. ORM's responses to the questions/information request have been authorised and approved by the Board of Directors and the undersigned is authorised to respond on disclosure matters.

On behalf of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Bill Lyne', with a long horizontal flourish extending to the right.

Bill Lyne

Company Secretary

Mobile: 0418 874 175

Email: blyne@orionmetals.com.au



16 March 2018

Bill Lyne
Company Secretary
Orion Metals Limited
35 Hamish Street
35 Hamish Street Calamvale QLD 4116

By email: bill@companysecretary.com.au

Dear Mr Lyne

Orion Metals Limited (“ORM”): Appendix 5B Query

I refer to ORM’s Appendix 5B quarterly report for the period ended 30 November 2017 lodged with ASX Market Announcements Platform on 20 December 2017 (the “Appendix 5B”).

ASX notes that ORM has reported:

- negative net operating cash flows for the quarter of \$110,000;
- cash at the end of the quarter of \$171,000; and
- estimated cash outflows for the next quarter of \$90,000 (although I note the reconciliation appears to have a typographical error) Please clarify if this is the case in your response.

It is possible to conclude, based on the information in the Appendix 5B that if ORM were to continue to expend cash at the rate indicated by the Appendix 5B, ORM may not have sufficient cash to continue funding its operations. In view of that, ASX asks ORM to respond separately to each of the following questions and requests for information:

1. Does ORM expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has ORM taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does ORM expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that ORM considers may be relevant to ASX forming an opinion on whether ORM is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that ORM is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

6. Please confirm that ORM's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ORM with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9:30am AEDT on Wednesday, 21 March 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in ORM's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ORM's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at chris.dobbs@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed 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. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to ORM's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that ORM's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in ORM's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.



You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Christopher Dobbs
Adviser, Listings Compliance
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E: chris.dobbs@asx.com.au