Orion Gold NL

and its Controlled Entities

ABN: 76 098 939 274

31 December 2013
Interim Financial Report

Corporate Directory

DIRECTORS
Denis Waddell (Non-executive Chairman)
Errol Smart (Managing Director and Chief Executive Officer)
Martin Bouwmeester (Finance Director)
Alexander Haller (Non-executive Director)

COMPANY SECRETARY
Martin Bouwmeester

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STOCK EXCHANGE LISTING
Australian Securities Exchange (ASX)
ASX Code: ORN

SHARE REGISTRARS
Link Market Services Limited
Level 1, 333 Collins Street
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Telephone: +61 1300 306 089
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AUDITOR
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147 Collins Street
Melbourne, Victoria 3000

LEGAL ADVISORS
Clayton Utz
Level 18, 333 Collins Street
Melbourne, Victoria 3000

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Directors' Report

The directors present their report together with the consolidated interim financial report for the half year ended 31 December 2013 and the independent auditor's review report thereon.

DIRECTORS

The names of Orion Gold NL directors at any time during or since the end of the half year are:

Non-executive		
Mr Denis Waddell	Non-executive chairman	Appointed 27 February 2009
Mr Alexander Haller	Non-executive director	Appointed 27 February 2009
Executive		
Mr Errol Smart	Managing director	Appointed 26 November 2012
Mr Martin Bouwmeester	Finance director	Appointed 11 February 2014

CORPORATE STRUCTURE

Orion Gold NL ('the Company') is a no liability company that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, being the wholly-owned subsidiaries Kamax Resources Limited and Goldstar Resources (WA) Pty Ltd (referred to as the "Group").

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the half year was the exploration and evaluation of the Fraser Range Project in Western Australia, the Connors Arc Epithermal Gold Project in central Queensland and the Walhalla Gold and Polymetals Project in Victoria.

OPERATING RESULTS

The Group recorded a net loss for the half year of $10,621,778 (2012: net loss of $7,193,062). Net cash used in operating activities totalled $2,819,498 for the half year. Cash on hand as at 31 December 2013 was $2,244,365.

In the half year ended 31 December 2013, the Group focused strongly on exploration within its new Fraser Range - Gold-Nickel-Copper Project (Western Australia), its Walhalla Gold and Polymetals Project (Victoria) and Connors Arc Epithermal Gold Project (Queensland). A total of $1,926,372 in exploration expenditure was incurred in the half year ended 31 December 2013. The Group undertook a review of the carrying value of each exploration area of interest. As a result, the carrying value of deferred exploration, evaluation and development expenditure was written down by $8,670,428. The write down relates to deferred exploration, evaluation and development expenditure at the Walhalla exploration project.

The basic loss per share for the Group for the half year was $6.43 and diluted loss per share for the Group for the half year was $6.43 (2012: basic loss per share $28.72 and diluted loss per share $28.72).

REVIEW OF OPERATIONS

During the half year, the Group continued with the expansion of its activities with a further acquisition of interests in exploration tenements in the Fraser Range Province of Western Australia as well as the granting of tenements covering a significant area of the Connors Arc region north-west of Rockhampton in Queensland.

The Group continued to explore for gold at the Walhalla Project in Victoria, however a new recognition of prospectivity for PGE rich Polymetals and the concept of a genetic relationship between gold and polymetal mineralisation in this district, led the Company to a new focus on exploration for PGE rich polymetal, dyke-hosted deposits.

The Group also continues to review new project areas for possible acquisition, ranging from exploration projects in prospective terrains to more advanced projects that have the potential to generate cash flow through near-term production. These other opportunities may include making investments in resource assets outside of gold or nickel and/or in jurisdictions outside of Australia.

Fraser Range - Gold-Nickel-Copper Project (Western Australia)

During the half year, exploration activities at the Fraser Range Projects included geophysical surveys (airborne and ground EM, ground gravity), geological reconnaissance (mapping and sampling) and drilling. A total of 30 aircore holes for 1,736 metres were drilled at targets within the Peninsula Project. The drilling successfully intersected mafic/ultramafic intrusives, which are the target host lithology for Ni-Cu-PGE mineralisation. Results from this drill program are yet to be finalised, however the Company is currently following up the geological targets identified in the Phase 1 drilling with further drilling.

Drilling was also carried out at the Cundeelee Gold Project with 8 aircore holes completed for 640 metres. This tested targets generated from a high resolution aeromagnetic survey carried out in September 2013 which were integrated with historic drilling data to generate a structural interpretation for the Project. Assay results are awaited and will be released once they are received, along with conclusions and interpretations from the drilling carried out.

Connors Arc Epithermal Gold Project (Queensland)

During the half year, the Company was granted two key tenements at its Connors Arc Epithermal Project in Central Queensland, EPM19825 and EPM25122. Work focussed on compilation of historical drilling and geochemical data as well as reviewing ASTER data. The Company has commenced the process of gaining access to the tenements to enable its exploration activities to commence, including liaising with landholders and other stakeholders.

Walhalla Gold & Polymetals Project (Victoria)

During the half year, exploration focussed on Cu-Ni-PGE mineralisation within the Walhalla Project area. The initial focus of this work has been on the Coopers Creek, Walhalla East and Maynards Gully Prospects where Cu-Ni mineralisation has been observed previously. Geological reconnaissance including mapping and sampling as well as data compilation from these prospects was carried out, following which drilling commenced at Coopers Creek in December 2013. Results from OCC001, which was abandoned due to hole conditions, were released to the ASX subsequent to 31 December 2013. While no significant results were received, the Company was encouraged by a number of anomalous results above 0.1%, especially Pt and Pd intersections > 0.5g/t Pt+Pd, given that the core sampled was predominantly weathered dyke material situated well above the target zone of the hole and away from the interpreted position of the mineralised keel.

Corporate

Creasy Group
On 5 August 2013, the Company announced to the ASX that it had signed a binding term sheet ('Term Sheet') with entities controlled by the Creasy Group to acquire a 70% interest in seven tenements covering 2,628km^2 of the northern Fraser Range Belt of Western Australia (named the Plumridge Lakes Project) surrounding the Company's Peninsula Project ('Acquisition'). The terms of the Term Sheet were subsequently varied by agreement between the parties, as announced to ASX on 21 August 2013.

On 26 September 2013, the Company obtained shareholder approval for the issue of Orion Gold NL shares and options to the Creasy Group in consideration for the Acquisition.

On 23 December 2013, the Company announced that it had completed its due diligence, had executed a tenement sale and joint venture agreement and that all conditions precedent to the completion of the Acquisition had been met to the satisfaction of the Company. As a result, the Company issued the Creasy Group a total of 15,800,000 fully paid ordinary Orion Gold NL shares and 23,000,000 unlisted Orion Gold NL options on the following terms:

Number of options	Exercise Price	Expiry Date
5,000,000	$0.20	30/04/2014
6,000,000	$0.15	31/07/2014
6,000,000	$0.25	31/07/2015
6,000,000	$0.35	31/07/2016

The shares are subject to a 12-month voluntary escrow period from their date of issue (ending 23 December 2014).

Placement
The Company announced on 21 August 2013, that it was raising funds through a capital raising. On 28 August 2013, the Company completed the first stage of the capital raising by issuing 17,440,000 ordinary shares at 10 cents per share pursuant to a placement to raise $1.744 million ('Placement 1'). The second phase of the capital raising ('Placement 2') involved a further placement of 25,060,000 shares to raise a total of $2.506 million of new funds and the grant of 42,500,000 options to investors issued shares under either Placement 1 or Placement 2 on the basis of one attaching option granted for each share issued. The Company held a general meeting of shareholders on 26 September 2013 and obtained approval from its shareholders for the issue of shares and options subscribed for under Placement 1 and Placement 2. In early October 2013, the Company received $2.376 million in funds associated with Placement 2 and issued shares and options on 3 October 2013.

Silja Loan
The Company announced on 1 July 2013, that it has finalised a variation to the existing loan agreement ('Facility') with Silja Investment Ltd ('Silja'), the Company's major shareholder. Key terms of the Facility were renegotiated as follows:

- the Facility limit was increased $2,000,000;
- the Facility expiry date was extended to 31 December 2013;
- Silja may elect to convert cash drawn down under the Facility to shares, as part of a possible future capital raising subject to various conditions including:
    - Shareholder approval where required by law, including the ASX listing rules;
    - Shares will be issued to Silja on the same terms as shares issued to other subscribers as part of a capital raising; and
    - Silja's participation in the capital raising being an amount up to Silja's proportionate shareholding in the Company (approximately 60% at 1 July 2013) up to the Facility limit.

- No capital raising fee would be payable by the Company to Silja where it subscribes for its share allocation in a capital raising; and
- Cash drawn down under the Facility and repaid may be redrawn by the Company.

Otherwise, the terms of the Facility remained substantially unchanged.

The Company announced on 31 January 2014, that it had entered into a loan confirmation agreement ('Agreement') with Silja whereby the unpaid principal balance under the Facility will be converted into ordinary fully paid shares in the Company ('Shares') and Silja will waive its entitlement to receive, and will forgive the Company's obligation to pay any unpaid interest in relation to the Facility.

Key terms of the Agreement are as follows:

- the amount of unpaid principal drawn by the Company under the Facility is $102,281 ('Unpaid Principal');
- the amount of unpaid interest on principal monies drawn by the Company under the Facility is $90,587 ('Unpaid Interest');
- the Unpaid Principal will in due course be converted into Shares as part of a future capital raising subject to various conditions including:
  - Shareholder approval where required by law, including the ASX listing rules; and
  - Shares will be issued to Silja on the same terms as shares issued to other subscribers as part of a capital raising.
- the Company will not be required to pay Silja any interest in respect of the Unpaid Principal on and from 1 January 2014;
- Silja has waived its entitlement to receive, and has forgiven the Company's obligation to pay, the Unpaid Interest; and
- Silja will release the fixed and floating charge over the assets of the Company. As at the date this consolidated interim financial report was approved, this release had not yet occurred.

Shares and options to Directors and Executives

- On 8 July 2013, the Company issued 15,000,000 options and 1,000,000 fully paid ordinary shares to Mr Errol Smart as approved by the Company's shareholders at a general meeting held on 13 June 2013. The fully paid ordinary shares were issued via a non-recourse loan, as approved by the Company's shareholders at a general meeting held on 13 June 2013.

- On 8 July 2013, the Company issued 6,000,000 options to Mr Denis Waddell as approved by the Company's shareholders at a general meeting held on 13 June 2013.

- On 8 July 2013, the Company issued 3,000,000 options to Mr Martin Bouwmeester as approved by the Company's shareholders at a general meeting held on 13 June 2013.

- On 3 October 2013, the Company issued 3,000,000 options to Mr Bill Oliver under the terms of the Company's Employee Option and Performance Rights Plan.

Kamax Resources Limited

The Company announced on 22 March 2013 that it had entered into a binding heads of agreement to facilitate the acquisition of all of the securities in an unlisted company, Kamax Resources Limited ('Kamax') (the 'Acquisition'). The agreement will result in the Company acquiring exploration licences covering more than 913sqkm in the Tropicana Belt and Fraser Range Province of Western Australia.

On 27 May 2013, the Company announced that it had completed its due diligence and executed all share sale agreements relating to the Acquisition, which constituted 100% acceptance from Kamax security holders for the offer. Following this, on 13 June 2013, the Company obtained shareholder approval for the issue of the Company's shares and options to Kamax security holders in consideration for their Kamax securities.

The Company obtained control of Kamax at this date as the outstanding conditions precedent at the time were considered administrative in nature, and the Company obtained control of the assets on 13 June 2013.

On 22 July 2013, the Company announced that all conditions precedent to the completion of the Acquisition had been met to the satisfaction of the Company. As a result, on 22 July 2013 the Company issued Kamax security holders a total of 12,040,086 fully paid ordinary shares in the Company and 12,040,086 unlisted options in the Company (exercisable at 20 cents at any time until 30 April 2014). As at the date of this report, 6,794,000 of the shares issued to Kamax security holders are subject to a voluntary escrow period ending 20 April 2014.

Kamax Resources Limited became a wholly-owned subsidiary member of the Orion Gold NL tax consolidated group with effect from 22 July 2013.

Shares in Lieu of Directors' Fees
On 3 October 2013, the Company issued 1,041,667 shares to Directors of the Company in lieu of directors' fees owing to them by the Company (as approved at the Company's General Meeting on 26 September 2013).

EVENTS SUBSEQUENT TO BALANCE DATE

No significant events occurred after the balance sheet date of the Company and the Group except for those matters referred to below:

- The Company announced on 31 January 2014, that it had entered into a loan confirmation agreement ('Agreement') with Silja whereby the unpaid principal balance under the Facility will be converted into ordinary fully paid shares in the Company ('Shares') and Silja will waive its entitlement to receive, and will forgive the Company's obligation to pay any unpaid interest in relation to the Facility.

  Key terms of the Agreement are as follows:
  - the amount of unpaid principal drawn by the Company under the Facility is $102,281 ('Unpaid Principal');
  - the amount of unpaid interest on principal monies drawn by the Company under the Facility is $90,587 ('Unpaid Interest');
  - the Unpaid Principal will in due course be converted into Shares as part of a future capital raising subject to various conditions including:
    - Shareholder approval where required by law, including the ASX listing rules; and
    - Shares will be issued to Silja on the same terms as shares issued to other subscribers as part of a capital raising.
  - the Company will not be required to pay Silja any interest in respect of the Unpaid Principal on and from 1 January 2014;
  - Silja has waived its entitlement to receive, and has forgiven the Company's obligation to pay, the Unpaid Interest; and
  - Silja will release the fixed and floating charge over the assets of the Company. As at the date this consolidated interim financial report was approved, this release had not yet occurred.

- On 11 February 2014, Mr Martin Bouwmeester was appointed a Director of the Company. Mr Bouwmeester continues in his role as Company Secretary.

- On 14 February 2014, Silja Investment Ltd, the Company's major shareholder, undertook an off market transfer restructure of its holding in the Company. The restructure of their holding included the sale of 40,000,000 fully paid ordinary shares in the Company to a number of Haller family members, including Alexander Haller, a non-executive director of the Company.

- On 13 March 2014, the Company executed a $500,000 loan agreement ('Facility') with Silja Investment Ltd ('Silja'), the Company's major shareholder. Under the terms of the Facility:
  - Silja has the option to convert cash drawn down under the Facility to shares, as part of a possible future capital raising subject to shareholder approval where required by law, including the ASX listing rules. Any shares issued to Silja upon conversion, will be issued on the same terms as shares issued to other subscribers as part of a capital raising;
  - no interest is payable by the Company to Silja; and
  - the Facility expires on 30 June 2014.

  Silja has discretion as to whether to make an advance to the Company upon receipt of each drawdown notice and the Company will be required to repay the Facility in cash on the expiry date to the extent that the loan balance has not been converted into shares or repaid in cash by then.

  Under the terms of the Facility, a capital raising fee would be payable by the Company to Silja where it subscribes for its share allocation in a capital raising. The fee is calculated by multiplying the amount subscribed for by Silja under the terms of the Facility by the percentage commission payable to a broker or underwriter as part of the capital raising. No facility fee is payable by the Company to Silja. Silja has a fixed and floating charge over the assets of the Company.

  In order to draw on the Facility, the Company must meet certain conditions precedent including the continued employment of key personnel. As at the date this consolidated interim financial report was authorised, the Company has not drawn on the Facility.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 9 and forms part of the directors' report for the half year ended 31 December 2013.

Signed in accordance with a resolution of the directors

Denis Waddell
Chairman

Dated at Melbourne this 14th day of March 2014

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Orion Gold NL

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Tony Romeo
Partner

Melbourne

14 March 2014

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Notes	31 December 2013 ($)	31 December 2012 ($)
Continuing operations			
Other income	4	10,742	55,364
Exploration and evaluation expenses	4	(757,303)	(265,788)
Administration and employee expenses	4	(1,231,070)	(697,659)
Rehabilitation expenses	10	---	(230,000)
Impairment of non-current assets	6	(8,670,428)	---
Plant and equipment written off	7	---	(52,769)
Fair value movement in convertible note derivative	8	---	(5,056,873)
Results from operating activities		(10,648,059)	(6,247,725)
Finance income	4	30,282	9,779
Finance expense	4	(4,001)	(955,116)
Net finance costs		26,281	(945,337)
Profit / (loss) before income tax		(10,621,778)	(7,193,062)
Income tax (expense)/benefit		---	---
Net profit / (loss) from continuing operations attributable to equity holders of the Company		**(10,621,778)**	**(7,193,062)**
Other comprehensive income			
Other comprehensive income for the period, net of income tax		---	---
Total comprehensive income/(loss) for the period		**(10,621,778)**	**(7,193,062)**
Earnings per share (cents per share)			
- Basic earnings / (loss) per share (AUD)		(6.43)	(28.72)
- Diluted earnings / (loss) per share (AUD)		(6.43)	(28.72)

The Consolidated Interim Statement of Comprehensive Income is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 14 to 29.

CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2013

	Notes	31 December 2013 ($)	30 June 2013 ($)
ASSETS			
Current Assets			
Cash on hand and at bank	5	2,244,365	1,027,779
Trade and other receivables		63,404	32,288
Inventories		7,445	17,189
Prepayments		242,638	61,655
Total Current Assets		**2,557,852**	**1,138,911**
Non-current Assets			
Trade and other receivables		383,197	390,886
Property, plant and equipment	7	163,601	160,310
Deferred exploration, evaluation and development	6	4,343,608	10,501,156
Total Non-current Assets		**4,890,406**	**11,052,352**
TOTAL ASSETS		**7,448,258**	**12,191,263**
LIABILITIES			
Current Liabilities			
Trade and other payables		875,556	852,544
Loan	9	102,281	102,281
Provisions	10	111,757	347,545
Total Current Liabilities		**1,089,594**	**1,302,370**
Non-current Liabilities			
Provisions	10	25,038	24,100
Total Non-current Liabilities		**25,038**	**24,100**
TOTAL LIABILITIES		**1,114,632**	**1,326,470**
NET ASSETS		**6,333,626**	**10,864,793**
EQUITY			
Issued capital	12	69,739,141	63,670,907
Accumulated losses		(64,889,665)	(54,267,887)
Other reserves	12	1,484,150	1,461,773
TOTAL EQUITY		**6,333,626**	**10,864,793**

The Consolidated Interim Balance Sheet is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 14 to 29.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Notes	31 December 2013 ($)	31 December 2012 ($)
Cash flows from operating activities			
Receipts from customers		625	---
Interest received		30,282	2,284
Payments to suppliers and employees		(511,192)	(350,825)
Payments for exploration and evaluation		(2,339,213)	(452,797)
Net cash flows used in operating activities		(2,819,498)	(801,338)
Cash flows from investing activities			
Purchase of property, plant and equipment		(42,800)	---
Restricted cash investments		7,689	---
Proceeds from insurance recoveries		10,117	15,364
Net cash flows from investing activities		(24,994)	15,364
Cash flows from financing activities			
Proceeds from the issue of shares		4,250,000	743,425
Share issue expenses		(188,922)	---
Proceeds from borrowings		---	400,000
Net cash flows from financing activities		4,061,078	1,143,425
Net increase in cash and cash equivalents		1,216,586	357,451
Cash and cash equivalents at beginning of period		1,027,779	157,867
Cash and cash equivalents at end of period	**5**	**2,244,365**	**515,318**

The exploration and evaluation assets of $1,343,811 acquired as part of the Creasy Group tenement acquisition as set out in note 6 constitutes a non-cash investing activity and are not included in the Consolidated Statement of Cash Flows above.

The settlement of outstanding directors fees of $104,167 and outstanding creditor balances of $61,830 through the issue of shares as set out in note 12 constitutes non-cash operating activities and are not included in the Consolidated Statement of Cash Flows above.

In the comparative year, the convertible note – liability of $7,495,975 and convertible note – derivative of $7,003,185 were settled. The settlement constitutes a non-cash financing activity and is not included in the Consolidated Interim Statement of Cash Flows above.

The Consolidated Interim Statement of Cash Flows is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 14 to 29.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Issued capital ($)	Other reserves share based payments ($)	Accumulated losses ($)	Total equity ($)
Balance at 1 July 2012	**43,933,657**	**2,753,639**	**(47,831,796)**	**(1,144,500)**
Total comprehensive income for the period	---	---	(7,193,062)	(7,193,062)
Issue of share capital	17,415,591	---	---	17,415,591
Capital raising costs during the half year	(303,660)	---	---	(303,660)
Share-based payments expense	---	35,225	---	35,225
Balance at 31 December 2012	**61,045,588**	**2,788,864**	**(55,024,858)**	**8,809,594**

	Issued capital ($)	Other reserves share based payments ($)	Accumulated losses ($)	Total equity ($)
Balance at 1 July 2013	**63,670,907**	**1,461,773**	**(54,267,887)**	**10,864,793**
Total comprehensive loss for the period	---	---	(10,621,778)	(10,621,778)
Issue of share capital	5,521,997	---	---	5,521,997
Capital raising costs during the half year	(176,168)	---	---	(176,168)
Share based payment acquisition consideration	---	237,811	---	237,811
Issue of share capital to Kamax Resources Limited vendors	722,405	(722,405)	---	---
Share-based payment expense	---	506,971	---	506,971
Balance at 31 December 2013	**69,739,141**	**1,484,150**	**(64,889,665)**	**6,333,626**

The Consolidated Interim Statement of Changes in Equity is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 14 to 29.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

1. REPORTING ENTITY

Orion Gold NL (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2013 is available upon request from the Company's registered office or at www.oriongold.com.au.

2. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these consolidated interim financial statements are consistent with those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2013. The following mandatory accounting standards were adopted by the Group during the period.

- AASB 10 Consolidated Financial Statements

As a result of AASB 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. AASB 10 requires the Group to consolidate investees that it controls on the basis of de facto circumstances. The application of the new accounting standard and adoption of the new accounting policy did not have any impact on the amounts recorded in the financial statements.

- AASB 11 Joint Arrangements

As a result of AASB 11, the Group has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. The application of the new accounting standard and adoption of the new accounting policy did not have any impact on the amounts recorded in the financial statements.

- AASB 13 Fair Value Measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see note 13). In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures.

Notwithstanding the above, the adoption of the new accounting standard had no material impact on the measurements of the Group's assets and liabilities.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- AASB 119 Employee Benefits

As a result of AASB 119, the Group has changed its accounting policy with respect to the measurement of short-term employee benefits. Previously short-term employee benefits were measured based on the amount payable at the balance date. The change in accounting policy did not have any material impact on the financial position or performance of the Group.

Statement of compliance

The consolidated interim financial report has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2013.

This consolidated interim financial report was approved by the Board of Directors on 14 March 2014.

Basis of measurement

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial report as at and for the year ended 30 June 2013.

Going concern

The Group recorded a loss of $10,621,778 for the half year ended 31 December 2013 and the Group's position as at 31 December 2013 was as follows:

- The Group has cash reserves of $2,244,365 and had negative operating cash flows of $2,819,498 (including $2,339,213 in payments for exploration and evaluation) for the half year ended 31 December 2013;

- The Group has positive working capital at 31 December 2013 of $1,468,258; and

- The Group's main activity is exploration and as such it does not have a source of income, rather it is reliant on debt and / or equity raisings to fund its activities.

Current forecasts indicate that cash on hand as at 31 December 2013 will not be sufficient to fund planned exploration and operational activities during the next twelve months and to maintain the Group's tenements in good standing. Accordingly, the Group will be required to raise additional equity, restructure the existing funding facilities, consider alternate funding options or a combination of the foregoing.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Secured debt facilities have been made available to the Group by Silja Investment Ltd ('Silja') as at the date of this report and under the terms of a secured loan facility ('Facility') (see note 14). As at the date of this report, the Group has not drawn any funds under the terms of the Facility. The maximum amount of the Facility is $500,000 and the termination date is 30 June 2014.

Under the terms of the Facility, Silja may at its election, convert cash drawn down under the Facility to ordinary shares in the Company, as part of a possible future capital raising, subject to various conditions. Any amount not converted to shares in the Company will be repaid to Silja on or before the termination date.

The amount and timing of any additional funding requirements for operational and exploration plans is the subject of ongoing review and will be determined by exploration success. The Group also continues to review new project areas for possible acquisitions, which would require separate equity/debt funding in order to meet any acquisition and minimum expenditure requirements.

The Group's position as at the date of this report is as follows:

- The Group has cash reserves of $829,000
- The Group has a positive working capital position.

The Directors are confident that the Group will raise sufficient cash to ensure that the Group can meet its minimum exploration and operational expenditure commitments for at least the next twelve months, maintain the Company's tenements in good standing and pay its debts, as and when they fall due. The Company has previously been successful in raising capital as and when required as evidenced by capital raisings of $4,250,000 during the half year ended 31 December 2013 to support the Company's current exploration programs. Cash raised during this period has funded recent exploration programs which are continuing, with results pending. Based on results to date from such programs and pending the results of exploration activity, the Directors are confident of obtaining the continued support of the Company's shareholders and a number of brokers that have supported the Company's previous capital raisings.

With the recent acquisition of tenements in the Fraser Range Belt of Western Australia and granting of tenements in Central Queensland, the Group is undertaking a review of its exploration portfolio. The outcome of this review will likely result in a reduction of expenditure on or divestment of lower priority exploration projects. The Group plans to minimise or cease discretionary expenditure on lower priority projects with the aim of focussing expenditure on what it considers to be more prospective exploration areas.

Accordingly, the financial statements for the half year ended 31 December 2013 have been prepared on a going concern basis as, in the opinion of the Directors, the Group will be in a position to continue to meet its operating costs and exploration expenditure commitments and pay its debts as and when they fall due for at least twelve months from the date of this report.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

However, the Directors recognise that if sufficient additional funding is not raised from the issue of capital or through alternative funding sources, there is a material uncertainty as to whether the going concern basis is appropriate with the result that the Group may relinquish title to certain tenements and may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. In this case, Silja as the holder of a fixed and floating charge over the assets of the Group under existing funding agreements would take priority in relation to the assets of the Group. No allowance for such circumstances has been made in the financial report.

3. SEGMENT INFORMATION

The Group had one reportable segment during the period, being mineral exploration (including gold, copper, nickel and platinum group elements) in Australia, which was the Group's exploration focus. The Group's financial results and position are not significantly impacted by any seasonality factors.

The information presented in the monthly management reports is reviewed by the Managing Director and Chief Executive Officer and is presented for the Group in its entirety and is consistent with the information provided in the financial statements and notes presented in this Interim Financial Report.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

4. REVENUE, INCOME AND EXPENSES

	Notes	31 December 2013 ($)	31 December 2012 ($)
Other income			
Insurance recoveries from plant and equipment		10,117	55,364
Sundry income		625	---
Total revenue		**10,742**	**55,364**
Exploration and evaluation expenses			
Exploration and evaluation expenses		(575,422)	(61,695)
Employee expenses		(181,881)	(204,093)
Total exploration and evaluation expenses	6	**(757,303)**	**(265,788)**
Administration and employee expenses			
Administration expenses		(546,666)	(443,336)
Employee expenses		(137,924)	(168,332)
Employee share based payments	12	(506,971)	(35,225)
Depreciation	7	(39,509)	(50,766)
Total administration and employee expenses		**(1,231,070)**	**(697,659)**
Net finance costs			
Finance income			
Interest revenue		30,282	9,779
Total finance income		**30,282**	**9,779**
Finance expense			
Interest expense	9	(4,001)	(43,923)
Interest expense - convertible note liability	8	---	(911,193)
Total finance expense		**(4,001)**	**(955,116)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

5. CASH AND CASH EQUIVALENTS

For the purposes of the half year cash flow statement, cash and cash equivalents are comprised of the following:

	31 December 2013 ($)	30 June 2013 ($)
Cash at bank and in hand	2,244,365	1,027,779
Short term deposits	---	---
Total cash and cash equivalents	**2,244,365**	**1,027,779**

6. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2013 ($)	30 June 2013 ($)
Acquired Mineral Rights		
Opening cost	884,829	---
Exploration and evaluation acquired (c)	1,343,811	884,829
Acquired Mineral rights	**2,228,640**	**884,829**
Deferred exploration and evaluation expenditure		
Opening cost	9,616,327	8,653,908
Expenditure incurred	1,926,372	1,758,604
Exploration expensed (a)	(757,303)	(719,508)
Impairment (b)	(8,670,428)	(76,677)
Deferred exploration and evaluation	**2,114,968**	**9,616,327**
Net Carrying amount at end of period	**4,343,608**	**10,501,156**

(a) During the half year ended 31 December 2013 the Group incurred exploration expenditure of $757,303 (2012: $265,788) which under the Group's deferred exploration, evaluation and development policy did not qualify for capitalisation and was expensed.

(b) As at 31 December 2013 the Group undertook a review of the carrying value of each area of interest. As a result, the carrying value of deferred exploration, evaluation and development expenditure in the balance sheet as at 31 December 2013 was written down by $8,670,428. The write down relates to deferred exploration, evaluation and development expenditure at the Walhalla exploration project.

The directors consider that the carrying value of deferred exploration, evaluation and development, based on a reasonable estimate of the value of the known gold resource at Walhalla, is appropriate. However, the recoverability of the carrying amount is dependent on the renewal of key tenements (refer below), successful development and commercial exploitation, or alternatively sale of the area of interest.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

6. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (Continued)

Exploration and evaluation assets include $1,300,000 in relation to exploration licence 3311, situated at the Walhalla exploration project. The exploration licence associated with this tenement is due to expire in November 2014. The Company has been notified by the Department of Environment and Primary Industries that renewal of exploration licence 3311 after November 2014 will only be possible in exceptional circumstances. The Company has made application for a retention licence for an area within exploration licence 3311, which contains the Company's gold resources. The Company fully expects that the retention licence will be granted. Should the exploration licence not be renewed and/or the retention licence not be granted, then the carrying value of the capital exploration for exploration licence 3311 may need to be expensed.

(c) Kamax Resources Limited Acquisition

The Company announced on 22 March 2013 that it had entered into a binding heads of agreement to facilitate the acquisition of all of the securities in an unlisted company, Kamax (the 'Acquisition').

On 27 May 2013, the Company announced that it had completed its due diligence and executed all share sale agreements relating to the Acquisition, which constituted 100% acceptance from Kamax security holders for the offer. Following this, on 13 June 2013, the Company obtained shareholder approval for the issue of the Company's shares and options to Kamax security holders in consideration for their Kamax securities. The Company obtained control of Kamax at this date as the outstanding conditions precedent at the time were considered administrative in nature, and the Company deemed management took control of the assets on 13 June 2013. The acquisition was therefore recognised on 13 June 2013 and the Company recorded $884,829 of acquired mineral rights.

On 22 July 2013, the Company announced that all conditions precedent to the completion of the Acquisition had been met to the satisfaction of the Company. As a result, on 22 July 2013 the Company issued Kamax security holders a total of 12,040,086 fully paid ordinary shares in the Company and 12,040,086 unlisted options in the Company (exercisable at 20 cents at any time until 30 April 2014).

Creasy Group tenement acquisition

On 5 August 2013, the Company announced it had signed a binding term sheet ('Term Sheet') with entities controlled by Mark Creasy ('Creasy Group') to acquire a 70% interest in seven tenements covering 2,628km^2 of the northern Fraser Range Belt of Western Australia (named the Plumridge Lakes Project) surrounding the Company's Peninsula Project ('Acquisition'). The terms of the Term Sheet were subsequently varied by agreement between the parties, as announced on 21 August 2013.

On 26 September 2013, the Company obtained shareholder approval for the issue of Orion Gold NL shares and options to the Creasy Group in consideration for the Acquisition and on 23 December 2013 the Company issued the Creasy Group a total of 15,800,000 fully paid ordinary shares and 23,000,000 unlisted options. As a result, the Company recognised $1,343,811 of acquired mineral rights.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

7. PROPERTY PLANT & EQUIPMENT

	31 December 2013 ($)	30 June 2013 ($)
Property, plant & equipment		
Opening cost – 1 July	1,493,498	4,481,860
Accumulated depreciation	(1,333,188)	(2,330,469)
Accumulated impairment loss	---	(1,882,820)
Net carrying amount at beginning of period	**160,310**	**268,571**
Additions	42,800	42,978
Disposals	---	(52,769)
Depreciation	(39,509)	(98,470)
Net carrying amount at end of period	**163,601**	**160,310**

During the comparative year, the Group undertook a review of its fixed assets and it was determined that the skipway asset located at Walhalla should be disposed of as no foreseeable use could be identified for the asset. The total cost of the assets written-off in the comparative year was $3,031,340 and had an accumulated depreciation of $1,095,751 and accumulated impairment loss of $1,882,820 as at 30 June 2013.

8. CONVERTIBLE NOTE

The converting loan agreement between Silja Investment Ltd ('Silja') and the Company dated 9 September 2008, provided for Silja to provide a total of up to $6,000,000 in funding to the Company by way of the following convertible notes:

- First tranche note - $1,400,000;
- Second tranche note - $1,600,000; and
- Third tranche note - $3,000,000.

On 19 December 2012, the Company announced that it had received commitments from investors to subscribe for a minimum of $3,000,000 as part of a capital raising. As agreed with Silja, on 19 December 2012, the Company converted all of the convertible notes held by Silja and applicable interest on the convertible notes at a conversion rate of $0.0042 (pre-consolidation) into 52,211,046 (2,088,441,838 pre-consolidation) fully paid ordinary shares. The conversion option in the convertible note allowed Silja to convert the outstanding principal and accrued interest balance at a conversion rate of $0.0025, as this was the lowest price at which the Company issued new shares since the issue of the convertible notes. The conversion rate of $0.0042 was agreed to with Silja as part of the restructure of the Company's capital and debt position. The aggregate amount of the convertible note liability at 31 December 2013 is $nil (30 June 2013: $nil).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

8. CONVERTIBLE NOTE (Continued)

As the convertible note was extinguished in December 2012, the net loss of $5,056,873 arising from the fair value movement in the convertible note – derivative and the interest expense of $911,193 charged on the convertible note – liability were recorded in the comparative consolidated interim statement of comprehensive income. As this relates to the prior period, no liability or expense is recorded in the consolidated interim financial report as at and for the half year ended 31 December 2013.

For historical information on the convertible note, refer to the Company's latest Annual Report dated 30 June 2013.

9. LOAN

On 1 July 2013 the Company announced that it has finalised a variation to the loan agreement ('Facility') with Silja Investment Ltd, the Company's major shareholder. Key terms of the Facility were renegotiated as follows:

- the Facility limit was increased $2,000,000;
- the Facility expiry date was extended to 31 December 2013;
- Silja may elect to convert cash drawn down under the Facility to shares, as part of a possible future capital raising subject to various conditions including:
    - Shareholder approval where required by law, including the ASX listing rules;
    - Shares will be issued to Silja on the same terms as shares issued to other subscribers as part of a capital raising; and
- Silja's participation in the capital raising being an amount up to Silja's proportionate shareholding in the Company (approximately 60% - as at 1 July 2013) up to the Facility limit.
- No capital raising fee would be payable by the Company to Silja where it subscribes for its share allocation in a capital raising; and
- Cash drawn down under the Facility and repaid may be redrawn by the Company.

Otherwise, the terms of the Facility remained substantially unchanged.

As at 31 December 2013, the balance of the Facility was $102,281 (30 June 2013: $102,281). Interest expense accrued as at 31 December was $90,587 (30 June 2013: $86,586). Interest expense recognised in the consolidated interim statement of comprehensive income for the half year ended 31 December 2013 was $4,001 (2012: $43,923). As at 31 December 2013, Silja had a fixed and floating charge over the assets of the Company.

The Company announced on 31 January 2014, that it had entered into a loan confirmation agreement ('Agreement') with Silja whereby the unpaid principal balance under the Facility will be converted into ordinary fully paid shares in the Company ('Shares') and Silja will waive its entitlement to receive, and will forgive the Company's obligation to pay any unpaid interest in relation to the Facility. Refer to note 14 for key terms of the Agreement.

For historical information on the loan, refer to the Company's latest Annual Report dated 30 June 2013.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

10. PROVISIONS

	31 December 2013 ($)	30 June 2013 ($)
Current		
Employee benefits - annual leave	111,757	117,545
Rehabilitation (i)	---	230,000
	111,757	**347,545**
Non-current		
Employee benefits – long service leave	25,038	24,100
	25,038	**24,100**

(i) During the comparative period, the Company determined certain assets at site were to be decommissioned. As a result, a provision for rehabilitation and rehabilitation expenses were recognised for the removal of the assets and associated rehabilitation of the site. The Company completed the site rehabilitation in August 2013.

11. RELATED PARTIES

Transactions with key management personnel
Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments.

During the half year, the Company issued fully paid ordinary shares to directors of the Company in lieu of directors' fees totalling $104,167 owing to them by the Company. Refer to note 12 for further details.

On 8 July 2013, the Company issued 15,000,000 options and 1,000,000 fully paid ordinary shares to Mr Errol Smart as approved by the Company's shareholders at a general meeting held on 13 June 2013. The fully paid ordinary shares were issued via a non-recourse loan, as approved by the Company's shareholders at a general meeting held on 13 June 2013.

On 8 July 2013, the Company issued 6,000,000 options to Mr Denis Waddell as approved by the Company's shareholders at a general meeting held on 13 June 2013.

On 8 July 2013, the Company issued 3,000,000 options to Mr Martin Bouwmeester as approved by the Company's shareholders at a general meeting held on 13 June 2013.

On 3 October 2013, the Company issued 3,000,000 options to Mr Bill Oliver under the terms of the Company's Employee Option and Performance Rights Plan.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

12. ISSUED CAPITAL AND RESERVES

	Number of Shares	Issue/Exercise Price	($)
Issued Capital			
Movements in shares on issue			
Opening balance at 1 January 2013	99,999,686	---	61,043,237
Issue of fully paid ordinary shares (i)	24,650,000	$0.10	2,415,000
Issue of fully paid ordinary shares – share purchase plan	2,810,000	$0.10	281,000
Issue of fully paid ordinary shares	250,000	$0.10	25,000
Less: Issue costs	---	---	(95,681)
Closing balance at 30 June 2013	**127,709,686**		**63,668,556**
Opening balance at 1 July 2013	127,709,686	---	63,668,556
Issue of ordinary fully paid shares (ii)	1,000,000	$0.10	---
Issue of ordinary fully paid shares	12,040,086	$0.06	722,405
Issue of ordinary fully paid shares	17,440,000	$0.10	1,744,000
Issue of ordinary fully paid shares – director fees	1,041,667	$0.10	104,167
Issue of ordinary fully paid shares	618,300	$0.10	61,830
Issue of ordinary fully paid shares	25,060,000	$0.10	2,506,000
Issue of ordinary fully paid shares	15,800,000	$0.07	1,106,000
Less: Issue costs	---	---	(176,168)
Closing balance at 31 December 2013	**200,709,739**		**69,736,790**
Contributing Shares			
Movements in contributing shares on issue			
Opening balance at 1 January 2013	58,775		2,351
Closing balance at 30 June 2013	**58,775**		**2,351**
Opening balance at 1 July 2013	58,775		2,351
Closing balance at 31 December 2013	**58,775**		**2,351**
Total issued capital	**200,768,514**		**69,739,141**

(i) The issues of 24,650,000 fully paid ordinary shares included 500,000 fully paid ordinary shares for which monies were held in trust by the Company as at 31 December 2012.

(ii) On 8 July, 2013 Mr Smart was issued with fully paid ordinary shares per the non recourse loan agreement. The carrying amount is recorded in Share Based Payments Reserve calculated at fair value.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

12. ISSUED CAPITAL AND RESERVES (Continued)

Share Based Payments Reserve	($)
Opening balance at 1 July 2012	2,753,639
Share based payments expense	35,225
Closing balance at 31 December 2012	**2,788,864**
Unlisted share options not vested	(33,217)
Unlisted share options expired & transferred to accumulated losses (iii)	(2,079,093)
Kamax acquisition (Obligation to issue)	778,823
Share based payments expense	6,396
Closing balance at 30 June 2013	**1,461,773**
Kamax acquisition (Issue) (v)	(722,405)
Creasy Group acquisition (Issue) (vi)	237,811
Share based payments expense (iv)	506,971
Closing balance at 31 December 2013	**1,484,150**

Employee equity benefits reserve
The employee share option and share plan reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

(iii) During the year ended 30 June 2013, previously recognised share based payment transactions for options which had vested but subsequently expired were transferred to accumulated losses.

(iv) During the period, the Company provided the Managing Director and CEO a non-recourse loan as part of his remuneration package to purchase 1,000,000 fully paid ordinary shares in the Company. Accounting Standards require shares issued via non-recourse loans be accounted for as a share based payment. As a result, they are measured at fair value at the grant date using the Black Scholes option pricing model and reflects the value of options granted. The amounts receivable from employees in relation to these loans have not been recognised in the financial statements. The fair value attributable to this option was determined as being $68,834.

The Group has an option and performance rights plan for granting of options or performance rights to employees. Outlined below is a summary of options issued during the half year ended 31 December 2013 to employees under the option and performance rights plan and to key management personnel and directors as approved by shareholders at a general meeting.

Employees entitled	Number of options	Grant date	Vesting date	Expiry date
Directors (A)	7,000,000	08/07/2013	26/11/2013	31/05/2018
Directors (B)	7,000,000	08/07/2013	26/11/2014	31/05/2018
Directors (C)	7,000,000	08/07/2013	26/11/2015	31/05/2018
Key management personnel (D)	1,000,000	08/07/2013	30/09/2013	30/04/2018
Key management personnel (E)	1,000,000	08/07/2013	31/03/2014	30/04/2018
Key management personnel (F)	1,000,000	08/07/2013	31/03/2015	30/04/2018
Employees (G)	2,000,000	03/10/2013	26/11/2013	31/05/2018
Employees (H)	2,000,000	03/10/2013	26/11/2014	31/05/2018
Employees (I)	2,000,000	03/10/2013	26/11/2015	31/05/2018
Total	**30,000,000**			

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

12. ISSUED CAPITAL AND RESERVES (Continued)

The fair values of the options are estimated at the date of grant using the Black Scholes option pricing model. The following table outlines the assumptions made in determining the fair value of the options granted during the half year ended 31 December 2013.

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Dividend yield (%)	---	---	---	---	---	---	---	---	---
Expected volatility (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Risk-free interest rate (%)	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%
Expected life of option (years)	4.90	4.90	4.90	4.81	4.81	4.81	4.66	4.66	4.66
Option exercise price	$0.15	$0.25	$0.35	$0.15	$0.25	$0.35	$0.15	$0.25	$0.35
Share price at grant date	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04	$0.10	$0.10	$0.10

There were no options exercised, expired, or forfeited during the half year ended 31 December 2013.

Share based payments acquisition consideration

(v) Kamax Acquisition

On 13 June 2013, the Company obtained shareholder approval for the issue of the Company's shares and options to Kamax security holders in consideration for their Kamax securities. The Company obtained control of Kamax at this date as the outstanding conditions precedent at the time were considered administrative in nature, and the Company deemed management took control of the assets on 13 June 2013. The acquisition was therefore recognised on 13 June 2013.

On 22 July 2013, the Company announced that all conditions precedent to the completion of the acquisition of Kamax had been met to the satisfaction of the Company. As a result, on 22 July 2013 the Company issued Kamax security holders a total of 12,040,086 fully paid ordinary shares in the Company and 12,040,086 unlisted options in the Company (exercisable at 20 cents at any time until 30 April 2014). As a result, the $722,405 attributable to these shares was transferred to share capital when issued.

The fair value of the options issued to Kamax security holders on acquisition was measured based on the Black Scholes option pricing model. Expected volatility is estimated by considering historical volatility of the Company's share price over the period commensurate with the expected term.

Dividend yield (%)	---
Expected volatility (%)	100%
Risk-free interest rate (%)	2.86%
Expected life of option (years)	0.9
Option exercise price	$0.20
Share price at valuation date	$0.06

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

12. ISSUED CAPITAL AND RESERVES (Continued)

(vi) Creasy Group Acquisition
On 5 August 2013, the Company announced it had signed a binding term sheet ('Term Sheet') with entities controlled by the Creasy Group to acquire a 70% interest in seven tenements covering 2,628km^2 of the northern Fraser Range Belt of Western Australia (named the Plumridge Lakes Project) surrounding the Company's Peninsula Project ('Acquisition'). The terms of the Term Sheet were subsequently varied by agreement between the parties, as announced on 21 August 2013.

On 26 September 2013, the Company obtained shareholder approval for the issue of Orion Gold NL shares and options to the Creasy Group in consideration for the Acquisition, subject to the completion of due diligence by the Company. On 23 December 2013 the Company issued the Creasy Group a total of 15,800,000 fully paid ordinary shares and 23,000,000 unlisted options on the following terms:

Number of options	Exercise Price	Expiry Date
5,000,000	$0.20	30/04/2014
6,000,000	$0.15	31/07/2014
6,000,000	$0.25	31/07/2015
6,000,000	$0.35	31/07/2016

The fair value of the options issued to Creasy Group on Acquisition was measured based on the Black Scholes option pricing model. Expected volatility is estimated by considering historical volatility of the Company's share price over the period commensurate with the expected term.

Dividend yield (%)	---
Expected volatility (%)	100%
Risk-free interest rate (%)	2.86%
Expected life of option (years)	0.35 – 2.6
Option exercise price	$0.15 - $0.35
Share price at grant date	$0.07

13. FINANCIAL INSTRUMENTS

Carrying amounts versus fair values
The fair values of financial assets and financial liabilities approximate the carrying amounts in the Consolidated Interim Balance Sheet.

Financial risk management credit risk, liquidity risk, and interest rate risk
There have been no changes and the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2013.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

14. EVENTS SUBSEQUENT TO BALANCE DATE

No significant events occurred after the balance sheet date of the Company and the Group except for those matters referred to below:

- The Company announced on 31 January 2014, that it had entered into a loan confirmation agreement ('Agreement') with Silja whereby the unpaid principal balance under the Facility will be converted into ordinary fully paid shares in the Company ('Shares') and Silja will waive its entitlement to receive, and will forgive the Company's obligation to pay any unpaid interest in relation to the Facility.

  Key terms of the Agreement are as follows:
  - the amount of unpaid principal drawn by the Company under the Facility is $102,281 ('Unpaid Principal');
  - the amount of unpaid interest on principal monies drawn by the Company under the Facility is $90,587 ('Unpaid Interest');
  - the Unpaid Principal will in due course be converted into Shares as part of a future capital raising subject to various conditions including:
    - Shareholder approval where required by law, including the ASX listing rules; and
    - Shares will be issued to Silja on the same terms as shares issued to other subscribers as part of a capital raising.
  - the Company will not be required to pay Silja any interest in respect of the Unpaid Principal on and from 1 January 2014;
  - Silja has waived its entitlement to receive, and has forgiven the Company's obligation to pay, the Unpaid Interest; and
  - Silja will release the fixed and floating charge over the assets of the Company. As at the date this consolidated interim financial report was approved, this release had not yet occurred.

- On 11 February 2014, Mr Martin Bouwmeester was appointed a Director of the Company. Mr Bouwmeester continues in his role as Company Secretary.

- On 14 February 2014, Silja Investment Ltd, the Company's major shareholder, undertook an off market transfer restructure of its holding in the Company. The restructure of their holding included the sale of 40,000,000 fully paid ordinary shares in the Company to a number of Haller family members, including Alexander Haller, a non-executive director of the Company.

- On 13 March 2014, the Company executed a $500,000 loan agreement ('Facility') with Silja Investment Ltd ('Silja'), the Company's major shareholder. Under the terms of the Facility:
  - Silja has the option to convert cash drawn down under the Facility to shares, as part of a possible future capital raising subject to shareholder approval where required by law, including the ASX listing rules. Any shares issued to Silja upon conversion, will be issued on the same terms as shares issued to other subscribers as part of a capital raising;
  - no interest is payable by the Company to Silja; and
  - the Facility expires on 30 June 2014.

  Silja has discretion as to whether to make an advance to the Company upon receipt of each drawdown notice and the Company will be required to repay the Facility in cash on the expiry date to the extent that the loan balance has not been converted into shares or repaid in cash by then.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

14. EVENTS SUBSEQUENT TO BALANCE DATE (continued)

Under the terms of the Facility, a capital raising fee would be payable by the Company to Silja where it subscribes for its share allocation in a capital raising. The fee is calculated by multiplying the amount subscribed for by Silja under the terms of the Facility by the percentage commission payable to a broker or underwriter as part of the capital raising. No facility fee is payable by the Company to Silja. Silja has a fixed and floating charge over the assets of the Company.

In order to draw on the Facility, the Company must meet certain conditions precedent including the continued employment of key personnel. As at the date this consolidated interim financial report was approved, the Company has not drawn on the Facility.

DIRECTORS' DECLARATION

In the opinion of the directors of Orion Gold NL (the "Company"):

1. the interim consolidated financial statements and notes set out on pages 10 to 29, are in accordance with the *Corporations Act 2001* including:

   (a) giving a true and fair view of the financial position of the Group as at 31 December 2013 and of its performance, as represented by the results of its operations and cash flows for the six month period ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Denis Waddell
Chairman
Dated at Melbourne this 14th day of March 2014.

Independent auditor's review report to the members of Orion Gold NL

Report on the financial report

We have reviewed the accompanying interim financial report of Orion Gold NL ("the Company"), which comprises the consolidated interim balance sheet as at 31 December 2013, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Orion Gold NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Orion Gold NL is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modification to the conclusion reached above, we draw attention to Note 2, which states that current forecasts indicate that the cash on hand at 31 December 2013 will not be sufficient to fund planned exploration and operational activities during the next twelve months and to maintain the Group's tenements in good standing. Accordingly, the Group will be required to raise additional equity, consider alternate funding sources or a combination of the foregoing.

Because of this and other matters referred to in Note 2, a material uncertainty exists in relation to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. If the Group is unable to continue as a going concern, it may relinquish title to certain tenements and may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts other than as stated in the financial report.

KPMG

Tony Romeo
Partner

Melbourne

14 March 2014