Orion Gold NL

and its Controlled Entities

ABN: 76 098 939 274

31 December 2014
Interim Financial Report

Corporate Directory

DIRECTORS
Denis Waddell (Non-executive Chairman)
Errol Smart (Managing Director and Chief Executive Officer)
William Oliver (Technical Director and Chief Operating Officer)
Alexander Haller (Non-executive Director)

COMPANY SECRETARY
Kim Hogg

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ASX Code: ORN

SHARE REGISTRARS
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178 St Georges Terrace
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AUDITOR
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Melbourne, Victoria 3000

LEGAL ADVISORS
Clayton Utz
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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 2014 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 William Oliver	Technical Director	Appointed 7 April 2014

CORPORATE STRUCTURE

Orion Gold NL (**the Company**) is a no liability company that is incorporated and domiciled in Australia. This consolidated financial report incorporates the entities that the Company controlled during the half 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 $24,691 (31 December 2013: net loss of $10,621,778). Net cash used in operating activities for the half year totalled $996,661 (31 December 2013: $1,489,676). Cash on hand as at 31 December 2014 was $1,140,927 (30 June 2014: $875,758).

In the half year ended 31 December 2014, the Group focused strongly on exploration within its Connors Arc Epithermal Gold Project (Queensland) and its Fraser Range - Gold-Nickel-Copper Project (Western Australia). A total of $1,311,884 in exploration activities was incurred in the half year ended 31 December 2014 (31 December 2013: $4,711,665).

The basic loss per share for the Group for the half year was $0.01 and diluted earnings per share for the Group for the half year was $0.01 (31 December 2013: basic loss per share $6.43 and diluted loss per share $6.43).

REVIEW OF OPERATIONS

During the half year the Group continued systematic, intensive exploration on its projects in Queensland and Western Australia. The Group made significant steps to progress its highly prospective gold-silver epithermal target at the Aurora Flats Prospect within the Connors Arc Epithermal Gold Project (Queensland) which culminated in the commencement of the Company's maiden drilling program. In the Fraser Range (Western Australia) the Group completed a successful shallow drilling program and a high powered ground electro-magnetic (**EM**) survey at the Pennor Prospect and adjacent areas. Further geophysical surveys are planned along with drilling to explore for magmatic nickel-copper sulphide deposits.

Connors Arc Epithermal Gold Project (Queensland)

During the half year, the Group commenced active fieldwork at its 100%-owned Connors Arc Project, located 180km from Rockhampton in Central Queensland Australia.

The initial fieldwork undertaken yielded immediate results with a substantial and highly prospective intermediate sulphidation target outlined at Aurora Flats. This style of deposit is globally significant and accounts for a substantial proportion of world gold production. Examples include Acupan, Baguio in the Philippines and Pachuca in Mexico.

The intermediate sulphidation “IS” system found at Aurora Flats and Veinglorious in the Connors Magmatic Arc is likely to be coeval with the significant deposits of Cracow (a low sulphidation epithermal deposit in the adjoining Auburn Arc) and Mount Carlton (a high sulphidation epithermal deposit in the northern Connors Arc).

Reconnaissance field mapping traced the surface expression of outcropping veins and allowed observation and interpretation of the textures of these veins. The program also incorporated a review of the historical exploration database with particular focus on re-interpretation of the geology and geochemical data from shallow drilling.

Following this work the first phase of geophysical surveying was carried out across the mapped epithermal veins at the Aurora Flats Prospect within the Connors Arc Project. Based on results from these surveys, as well as further mapping within the Aurora Flats Prospect, the Company commenced its maiden drill program at Aurora Flats during December 2014.

Multiple epithermal veins and stockwork zones were intersected in RC and diamond drilling, both below veins mapped at surface and also veins which do not have surface expression. Fine grained and occasionally banded quartz with associated adularia and very fine to fine grained sulphides are strongly developed.

Encouragingly, the surrounding country rock is strongly altered, displaying silicic zones and prophyllitic alteration. Disseminated epidote is developed distally to the veins and epidote veining is strongly developed close to the veins.

These alteration styles are associated with epithermal deposits and the style and pervasive nature of the alteration observed in the drilling supports the Group’s hypothesis that the Aurora Flats system is a significant epithermal system of substantial scale. Sulphides are present within veins, on vein contacts and disseminated in the country rock.

These epithermal systems have the important characteristic of being “semi-blind” at surface, with gold and/or silver predominantly deposited at depths of greater than 250 metres vertically below the depositional surface. It is only below this depth that pressure and temperature conditions were favourable for the deposition of precious metals. In addition, the high grade shoots form irregular blows along strike.

The most valuable tools for explorers targeting such deposits is the application of a combination of trace element geochemistry and mineralogical characterisation assisted by techniques such as SWIR scanning and geophysics to vector in on high grade zones based on results from initial wide spaced scout drilling. Geochemical results from assay are awaited, along with interpretation of SWIR measurements on drill samples, and will be used to target further drilling.

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

During the half year, the Group completed a program of shallow aircore / RC drilling and a high powered moving loop ground EM survey across target zones at the Pennor Prospect defined to identify sulphide accumulations in the basal zone and lower feeders of intrusive bodies identified at Pennor, HA2 and adjacent areas.

The Group's drill program was a first test of this previously undrilled area. All holes intersected bedrock, providing Orion with a comprehensive geological and geochemical dataset to assist in targeting deeper follow-up drilling. Drilling systematically sampled the intrusive complex at/immediately above the top of fresh rock and mapped out the depth of cover above the mafic intrusion.

The program confirmed the presence of a substantial mafic-ultramafic intrusion at Pennor. Geological and geochemical targets were defined with results covering an area of 1.8km^2 returning significantly anomalous values (>500ppm Ni). These anomalous intersections define a largely coherent area of elevated nickel-copper coincident with the most prospective lithologies. These areas of interest lie close to the interpreted contacts of the mafic intrusive and are consistent with the deposit model for magmatic Ni-Cu mineralisation.

The exploration programs at the Fraser Range Project have successfully established the following indicators at the Peninsula Prospect:

- Large bodies of mafic-ultramafic intrusives are present, with the Company's drilling confirming the nature and extent of the magma chamber at Pennor;
- Detailed geochemical data from drillhole (fresh rock) samples confirms that:
  - the large HA2 and Pennor intrusive bodies are related and from the same source;
  - the parent magmas for these intrusions are fertile as sources of Ni-Cu;
  - a substantial amount of crustal contamination has occurred during uplift and emplacement of these magmas, adding the necessary components to form sulphides;
  - the HA2 magma chamber contains sulphides which were formed in the parent magma then entrained by magma dynamics;
  - the Pennor magma chambers contains magma which is depleted in Ni-Cu, relative to the parent magma; and
  - the Ni-Cu segregated out (or entrained in the case of HA2) is expected to have accumulated along basal contacts in magma chamber or in feeder zones to the large chambers.

Orion is currently using geophysical methods to map out the architecture of the chambers and feeders and to locate accumulations of Ni-Cu sulphides which geochemical data infers have been segregated out and concentrated.

Walhalla Gold & Polymetals Project (Victoria)

During the half year, the Group carried out no exploration on the Walhalla Project. Please refer to the Corporate section for details of the Option Agreement entered into with A1 Consolidated Gold Limited (**A1 Gold**) on 29 August 2014 where A1 Gold may acquire the Company's Walhalla Project tenements in Victoria. Under the terms of the Option Agreement, exploration for gold mineralisation on the tenements is managed by A1 Gold.

Exploration licence 3311 was due to expire in November 2014. The Company was notified by the Department of State Development, Business & Innovation (**DSBI**) that renewal of exploration licence 3311 after November 2014 will only be possible in exceptional circumstances. An application for renewal under exceptional circumstances was made with the DSDBI during the half year ended 31 December 2014. The Group has also made two applications for Retention Licences for areas within exploration licence 3311 and covering the mining licences which between them, contain the Company's gold resources. As at the date of this report, the application for renewal under exceptional circumstances and the retention licence applications are ongoing with the DSDBI.

Corporate

Walhalla Project – Option Agreement

On 29 August 2014, the Company announced it had entered into an option agreement with A1 Gold for A1 Gold to acquire the Company's Walhalla Project tenements in Victoria.

The key terms of the option agreement are:

- Non-refundable option fee payable to the Company of $50,000 cash with $10,000 paid on execution of the option agreement and $40,000 payable in 12 weeks from the date of execution of the option agreement;
- the option term expires 31 July 2015;
- A1 Gold will manage the tenements, is required to maintain the tenements in good standing and will meet all statutory expenditure requirements;
- The Company will retain the rights to explore for, develop and mine all deposits which are 67% or greater intrusive hosted sulphide minerals, including copper, nickel and platinum group elements with subordinate gold and silver;
- Upon exercise of the option, A1 Gold will pay the Company:
    - $500,000 cash payment;
    - $500,000 worth of fully paid ordinary A1 Gold shares issued to the Company at the volume weighted average price of the A1 Gold shares as traded on the ASX in the ten trading days prior to the date of exercise of the option. The A1 Gold shares issued to the Company shall be voluntary escrowed for a period of 12 months from date of issue; and
    - A 2% ongoing net smelter royalty on all gold produced from the tenements.

Loan Facilities

On 26 August 2014, the Company finalised two loan agreements together totalling $350,000. A $200,000 loan facility was agreed with Tarney Holdings Pty Ltd (**Tarney**), a company associated with the Company's Chairman Mr Denis Waddell (**Tarney Facility**) and a $150,000 loan facility was agreed with Silja Investment Limited, the Company's major shareholder (together **the Facilities**). Prior to the completion of the pro-rata renounceable entitlements issue announced to the ASX on 29 September 2014 (**Entitlements Issue**), both of these lenders committed to increasing the facility limits available to the Company under the terms of the Facilities.

On 1 October 2014, the Company announced that the Facilities were increased to a maximum limit of $850,000. Neither Silja ($350,000) nor Tarney ($500,000) would demand payment of the Facilities until the completion of at least a $2,000,000 capital raising.

The $500,000 Tarney Facility formed the basis of Tarney agreeing to underwrite $500,000 of the Entitlement Issue and as such, the Company and Tarney also agreed to amend the terms of conversion of the outstanding capitalised loan balance under the Tarney Facility. Under the terms of the amended Tarney Facility, the Entitlements Issue shortfall amount required to be taken up by Tarney was offset against the capitalised loan balance based on the issue of shortfall Shares. Shares issued to Tarney upon conversion, were issued at 3.0 cents, being the price of Shares issued under the Entitlements Issue.

At 31 December 2014, the Company had drawn down $140,000 from the Facilities.

<u>Capital Raising</u>

Entitlements Issue

On 29 September 2014, the Company announced that it had received underwriting commitments of $1,000,000 for a pro-rata renounceable entitlements issue (**Entitlements Issue**) to shareholders. The maximum amount to be raised under the Entitlements Issue was approximately $2,430,000 at 3.0 cents per fully paid ordinary share (**Share**). Eligible shareholders were entitled to participate in the Entitlements Issue on the basis of one Share for every three Shares held. Shareholders were also given priority to apply for shortfall shares in addition to their entitlement.

The Entitlements Issue was underwritten to an aggregate amount of $1,000,000. Underwriters included entities associated with the Company's directors, Mr Denis Waddell ($500,000) inclusive of the amount drawn down under the Tarney Facility and Mr Errol Smart ($100,000), as well as other professional investors.

Acceptances under the Entitlements Issue closed on 21 November 2014 and on 28 November 2014 the Company issued 12,026,515 Shares totalling $360,795, with a shortfall of 69,246,275 Shares including an underwritten shortfall of 21,306,820 Shares.

On 19 December 2014 the Company issued 47,856,062 Shares to underwriters to finalise their underwriting commitments in relation to the Company's Entitlements Issue and for take-up of shortfall in relation to the Entitlements Issue.

On 12 February 2015, the Company issued a further 1,928,999 shares as part of the shortfall placement, raising $57,870.

<u>Managing Director & CEO Remuneration</u>

On 20 October 2014, the Company announced a revised remuneration structure agreement with Errol Smart, the Company's Managing Director & CEO.

The revised remuneration package, whereby Mr Smart has significantly reduced the cash component of his package, reflects the Board's continuing cost cutting measures and agreement with key personnel to reduce corporate costs where possible, to achieve the maximum amount of funds going into in-ground exploration expenditure at the Company's Fraser Range (WA) and Connors Arc Epithermal Project (Qld) Projects.

The principal components of Mr Smart's remuneration are as follows:

1. Fixed component of $120,000 per annum;
2. Short term incentives remain at the discretion of the Board and shall be based upon achievement of performance targets to be set by the Board periodically;
3. The Company may terminate Mr Smart's employment at any time on 1 months' notice. The employment contract does not require any termination payments, other than payment in lieu of notice (if applicable).

   Mr Smart may terminate his employment with the Company at any time on 1 months' notice.

The revised agreement included option and share arrangements, which were apart of Mr Smart's remuneration package announced on 29 January 2013 following Mr Smart's appointment on 26 November 2012.

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:

- Pursuant to the Entitlements Issue, the Directors reserved the right to place any shortfall shares not taken up by eligible shareholders at their discretion with persons interested in subscribing for shares in the Company. On 12 February 2015, the Company completed a placement and issued a further 1,928,999 shares as part of the shortfall placement, raising $57,870.
- On 13 February 2015, the Company received a Research and Development (**R&D**) Tax Incentive rebate from the Australian Taxation Office of $1,221,467. During the year ended 30 June 2014 the Group incurred eligible R&D expenditure from which the rebate was calculated.

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 2014.

Signed in accordance with a resolution of the directors

Denis Waddell
Chairman

Dated at Perth this 6th day of March 2015

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Orion Gold NL for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Jason Croall

J S CROALL
Partner

Dated: 6 March 2015
Melbourne, VIC

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Notes	31 December 2014 ($)	31 December 2013 ($)
Continuing operations			
Other income		78,498	10,742
Exploration and evaluation expenses	4	(639,983)	(757,303)
Administration and employee expenses	4	(685,280)	(1,231,070)
Plant and equipment written off	8	(90)	---
Impairment of non-current assets	7	---	(8,670,428)
Results from operating activities		(1,246,855)	(10,648,059)
Finance income		9,621	30,282
Finance expense		(8,924)	(4,001)
Net finance costs		697	26,281
Loss before income tax		(1,246,158)	(10,621,778)
Income tax (expense)/benefit		1,221,467	---
Loss from continuing operations attributable to equity holders of the Company		**(24,691)**	**(10,621,778)**
Other comprehensive income			
Other comprehensive income for the period, net of income tax		---	---
Total comprehensive income/(loss) for the period		**(24,691)**	**(10,621,778)**
Earnings per share (cents per share)			
- Basic earnings / (loss) per share (AUD)		(0.01)	(6.43)
- Diluted earnings / (loss) per share (AUD)		(0.01)	(6.43)

The Consolidated Interim Statement of Profit or Loss & Other Comprehensive Income is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 14 to 23.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	31 December 2014 ($)	30 June 2014 ($)
ASSETS			
Current Assets			
Cash on hand and at bank	5	1,140,927	875,758
Receivables	6	1,256,979	115,319
Inventories		5,361	9,732
Prepayments		48,346	37,290
Total Current Assets		**2,451,613**	**1,038,099**
Non-current Assets			
Receivables	6	353,617	395,272
Property, plant and equipment	8	117,319	137,902
Deferred exploration, evaluation and development	7	6,110,538	5,438,637
Total Non-current Assets		**6,581,474**	**5,971,811**
NET ASSETS		**9,033,087**	**7,009,910**
LIABILITIES			
Current Liabilities			
Loans	9	140,000	---
Trade and other payables		805,353	716,829
Provisions		28,770	47,565
Total Current Liabilities		**974,123**	**764,394**
Non-current Liabilities			
Provisions		19,724	27,735
Total Non-current Liabilities		**19,724**	**27,735**
TOTAL LIABILITIES		**993,847**	**792,129**
NET ASSETS		**8,039,240**	**6,217,781**
EQUITY			
Issued capital	11	73,324,978	71,617,637
Accumulated losses		(66,320,771)	(66,527,431)
Reserves	12	1,035,033	1,127,575
TOTAL EQUITY		**8,039,240**	**6,217,781**

The Consolidated Interim Statement of Financial Position is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 14 to 23.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Notes	31 December 2014 ($)	31 December 2013 ($)
Cash flows from operating activities			
Receipts from customers		71,696	625
Interest received		3,860	30,282
Interest expense		(1,276)	---
Payments to suppliers and employees		(430,958)	(511,192)
Payments for exploration and evaluation		(639,983)	(1,019,508)
Proceeds from insurance recoveries		---	10,117
Net cash flows used in operating activities		(996,661)	(1,489,676)
Cash flows from investing activities			
Payments for exploration and evaluation		(629,916)	(1,319,705)
Purchase of property, plant and equipment		(7,250)	(42,800)
Proceeds from sale of plant and equipment		10,000	---
Restricted cash investments		41,656	7,689
Net cash flows used in investing activities		(585,510)	(1,354,816)
Cash flows from financing activities			
Proceeds from the issue of shares		1,558,423	4,250,000
Share issue expenses		(51,083)	(188,922)
Proceeds from borrowings		340,000	---
Net cash flows from financing activities		1,847,340	4,061,078
Net increase in cash and cash equivalents		265,169	1,216,586
Cash and cash equivalents at beginning of period		875,758	1,027,779
Cash and cash equivalents at end of period	**5**	**1,140,927**	**2,244,365**

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 23.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

31 December 2014	Issued capital ($)	Accumulated losses ($)	Other reserves ($)	Total equity ($)
Balance at 1 July 2014	**71,617,637**	**(66,527,431)**	**1,127,575**	**6,217,781**
Loss for the period	---	(24,691)	---	(24,691)
Other comprehensive income / (loss)	---	---	---	---
Total comprehensive loss for the period	---	(24,691)	---	(24,691)
Transactions with Owners in their capacity as owners:				
Contributions of equity, net of costs	1,707,341	---	---	1,707,341
Transfer of share options expired	---	231,351	(231,351)	---
Share-based payments expense	---	---	138,809	138,809
Total Transactions with Owners	1,707,341	---	138,809	1,846,150
Balance at 31 December 2014	**73,324,978**	**(66,320,771)**	**1,035,033**	**8,039,240**

31 December 2013	Issued capital ($)	Accumulated losses ($)	Other reserves ($)	Total equity ($)
Balance at 1 July 2013	**63,670,907**	**(54,267,887)**	**1,461,773**	**10,864,793**
Loss for the period	---	(10,621,778)	---	(10,621,778)
Other comprehensive income / (loss)	---	---	---	---
Total comprehensive loss for the period	---	(10,621,778)	---	(10,621,778)
Transactions with Owners in their capacity as owners:				
Contributions of equity, net of costs	6,068,234	---	---	6,068,234
Share-based payments expense	---	---	22,377	22,377
Total Transactions with Owners	6,068,234	---	22,377	6,090,611
Balance at 31 December 2013	**69,739,141**	**(64,889,665)**	**1,484,150**	**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 23.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2014

1. REPORTING ENTITY

Orion Gold NL (**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 2014 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 2014 is available upon request from the Company's registered office or at www.oriongold.com.au.

2. SIGNIFICANT ACCOUNTING POLICIES

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 2014. Mandatory accounting standards were adopted by the Group during the period. The adoption of the new accounting standards have had no material impact on the measurements of the Group's assets and liabilities.

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 2014.

This consolidated interim financial report was approved by the Board of Directors on 6 March 2015.

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 annual financial report as at and for the year ended 30 June 2014.

Going concern

The Group incurred a loss of $24,691 for the half year ended 31 December 2014 and the Group's position as at 31 December 2014 was as follows:

- The Group had cash reserves of $1,140,927 and had negative operating cash flows of $996,661(including $639,983 in payments for exploration and evaluation) for the half year ended 31 December 2014;
- The Group had positive working capital at 31 December 2014 of $1,477,490;
- 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; and

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Secured debt facilities have been made available to the Group by Silja Investment Ltd (**Silja**) under the terms of a secured loan facility (**Facility**) (refer to note 9). As at 31 December 2014, the Group had drawn $140,000 of the $350,000 maximum amount of the Facility and the termination date is 30 June 2015.

Current forecasts indicate that cash on hand as at 31 December 2014 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.

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

- The Group has cash reserves of $1,310,910 following the receipt of a research and development tax incentive rebate of $1,221,467 on 13 February 2015. Refer to note 6 and note 14 for further details; and

- The Group has a positive working capital position of $787,604

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 $1,758,423 during the half year ended 31 December 2014 to support the Company's current exploration programs. Cash raised during this period has funded recent exploration programs which are continuing. 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. 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.

With the recent focus on what the Group considers to be more prospective exploration areas in the Fraser Range Belt of Western Australia and in Central Queensland, the Group undertook a review of its exploration portfolio. On 29 August 2014 the Company announced that it has entered into an option agreement with A1 Consolidated Gold Limited (**A1 Gold**) for A1 Gold to acquire the Company's Walhalla Project tenements in Victoria, at A1 Gold's discretion. The key terms of the option agreement include that A1 Gold will manage the tenements, that A1 Gold is required to maintain the tenements in good standing and will meet all statutory expenditure requirements and upon exercise of the option A1 Gold will pay the Company a $500,000 cash payment and $500,000 worth of fully paid ordinary A1 Gold shares issued to the Company at the volume weighted average price of the A1 Gold shares as traded on the ASX in the ten trading days prior to the date of exercise of the option.

The A1 Gold shares issued to the Company shall be voluntarily escrowed for a period of 12 months from date of issue. The option agreement allows the Company to reduce its minimum exploration and operational expenditure commitments for the Walhalla Project until at least 31 July 2015.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accordingly, the financial statements for the half year ended 31 December 2014 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.

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 2014

4. REVENUE, INCOME AND EXPENSES

	Notes	31 December 2014 ($)	31 December 2013 ($)
Exploration and evaluation expenses			
Exploration and evaluation expenses		(448,350)	(575,422)
Employee expenses		(191,633)	(181,881)
Total exploration and evaluation expenses	7	**(639,983)**	**(757,303)**
Administration and employee expenses			
Administration expenses		(361,059)	(546,666)
Employee expenses		(157,669)	(137,924)
Employee share based payments	12	(138,809)	(506,971)
Depreciation	8	(27,743)	(39,509)
Total administration and employee expenses		**(685,280)**	**(1,231,070)**

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 2014 ($)	30 June 2014 ($)
Cash at bank and in hand	1,140,927	875,758
Total cash and cash equivalents	**1,140,927**	**875,758**

6. RECEIVABLES

	31 December 2014 ($)	30 June 2014 ($)
Current receivables		
R&D tax incentive receivable	1,221,467	---
Other receivables	28,050	113,625
Interest receivable	7,462	1,694
	1,256,979	**115,319**
Non-current receivables		
Security deposits and environmental bonds	**353,617**	**395,272**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2014

7. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2014 ($)	30 June 2014 ($)
Acquired Mineral Rights		
Opening cost	2,228,640	884,829
Exploration and evaluation acquired	---	1,343,811
Acquired mineral rights	**2,228,640**	**2,228,640**
Deferred exploration and evaluation expenditure		
Opening cost	3,209,997	9,616,327
Expenditure incurred	1,311,884	4,711,665
Exploration expensed (a)	(639,983)	(1,568,157)
Impairment (b)	---	(9,549,838)
Deferred exploration and evaluation	**3,881,898**	**3,209,997**
Net carrying amount at end of period	**6,110,538**	**5,438,637**

(a) During the half year ended 31 December 2014 the Group incurred exploration expenditure of $639,983 (31 December 2013: $757,303) which under the Group's deferred exploration, evaluation and development policy did not qualify for capitalisation and was expensed.

(b) As at 31 December 2014 the Group undertook a review of the carrying value of each area of interest. As a result, there was no writedown to the carrying value of deferred exploration, evaluation and development expenditure.

On 29 August 2014 the Company announced that it has entered into an option agreement with A1 Consolidated Gold Limited (**A1 Gold**) for A1 Gold to acquire the Company's Walhalla Project tenements in Victoria. The value attributable to the Walhalla Exploration Project is $1,000,000 in relation to exploration licence 3311. The valuation of $1,000,000 is based on the consideration under the A1 Gold agreement and is a Level 2 input under AASB 13 (Fair Value Measurement).

The directors consider that the carrying value of deferred exploration, evaluation and development attributable to the Walhalla exploration project based on the consideration within the A1 Gold agreement entered into is appropriate. However, the recoverability of the carrying amount is dependent on the renewal of key tenements (refer below), and the exercise of the option by A1 Gold.

The exploration licence associated with this tenement was due to expire in November 2014. The Company was notified by the Department of State Development, Business & Innovation (**DSDBI**) that renewal of exploration licence 3311 after November 2014 will only be possible in exceptional circumstances. An application for renewal was made with DSDBI during the half year ended 31 December 2014. The Group has also made two applications for retention licences for areas within exploration licence 3311 and covering the mining licences which between them, contain the Company's gold resources. The Company fully expects that the retention licences will be granted. Should the exploration licence not be renewed and/or the retention licences not be granted, then the carrying value of the capital exploration for exploration licence 3311 may need to be expensed.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2014

8. PROPERTY PLANT & EQUIPMENT

	31 December 2014 ($)	30 June 2014 ($)
Property, plant & equipment		
Opening cost	992,560	1,493,498
Accumulated depreciation	(854,658)	(1,333,188)
Accumulated impairment loss	---	---
Net carrying amount at beginning of period	**137,902**	**160,310**
Additions	7,250	69,850
Disposals and assets written off	(90)	(7,399)
Depreciation	(27,743)	(84,859)
Net carrying amount at end of period	**117,319**	**137,902**

9. LOANS

During the half year, the Company finalised two loan agreements totalling $850,000 as follows:

- a $500,000 loan facility with Tarney Holdings Pty Ltd, an entity associated with Mr Denis Waddell (**Tarney Facility**), and
- a $350,000 loan facility with Silja Investment Ltd (**Silja**), the Company's major shareholder (**Silja Facility**).

The Company drew down $200,000 of the Tarney Facility during the half year, which was repaid through the issue of shares on 19 December 2014. The facility expired on 31 December 2014. Refer to Note 10 for further information.

The Company drew down $140,000 of the Silja Facility during the half year, which is the amount outstanding at 31 December 2014. The Silja Facility terminates on 30 June 2015. Silja has agreed not to demand repayment until the completion of at least a $2,000,000 capital raising by the Company. Silja retains the fixed and floating charge as security over the Company's assets. Refer to Note 10 for further information.

10. RELATED PARTIES

Entitlements issue underwriting

During the half year, the Company undertook a renounceable one-for-three entitlements issue at an issue price of $0.03 per share (**Entitlements Issue**) which was partially underwritten to an aggregate amount of $1,000,000. Underwriters included entities associated with Directors of the Company, details of which are set out below:

- Tarney Holdings Pty Ltd ATF the DP & FL Waddell Family Trust (**Tarney**) (a company controlled by the Company's Chairman, Denis Waddell) underwrote up to a value of $500,000 (being up to 16,666,667 shares); and
- Mr Errol Smart (a Director of the Company) underwrote up to a value of $100,000 (being up to 3,333,334 shares).

No underwriting fees were paid to Tarney or Mr Smart pursuant to the underwriting agreements, which were otherwise on standard commercial terms.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2014

10. RELATED PARTIES (Continued)

At the completion of the Entitlements Issue, the Company issued 16,666,667 shares to Tarney and 3,333,334 shares to Mr Smart at an issue price of $0.03 per share.

Loan facilities

On 26 August 2014, Orion announced that it had finalised two loan agreements together totalling $350,000. A $200,000 loan facility was agreed with Tarney (**Tarney Facility**) and a $150,000 loan facility was agreed with Silja Investment Limited (**Silja**), the Company's major shareholder (**Silja Loan**) (together the **Facilities**). The Facilities were later increased to a maximum limit of $850,000. Silja ($350,000) and Tarney ($500,000) agreed not to demand payment of the Facilities until the completion of at least a $2,000,000 capital raising. Interest under the Facilities is capitalised at 7.5% per annum. No facility fees are payable by the Company to either Tarney or Silja. The purpose of the Facilities was to enable the Company to continue with exploration activities whilst the Entitlements Issue was being completed.

The $500,000 Tarney Facility formed the basis of Tarney agreeing to underwrite $500,000 of the Entitlement Issue and as such, Orion and Tarney agreed to amend the terms of conversion of the outstanding capitalised loan balance under the Tarney Facility. Under the terms of the amended Tarney Facility, any Entitlements Issue shortfall amount required to be taken up by Tarney would be offset against the capitalised loan balance based on the issue of shortfall shares at $0.03 per share, being the price of Shares to be issued under the Entitlements Issue.

At the conclusion of the Entitlements Issue the Company issued 16,666,667 shares to Tarney (refer above) of which 6,666,667 shares were applied to offset Tarney's loan balance of $200,000. The Tarney Facility expired on 31 December 2014.

At balance date, the Company had drawn down $140,000 on the Silja Loan. The Silja Loan expires on 30 June 2015.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2014

11. ISSUED CAPITAL

	31 December 2014 ($)	30 June 2014 ($)
Ordinary fully paid shares	73,322,627	71,615,286
Contributing shares	2,351	2,351
	73,324,978	**71,617,637**

The following movements in issued capital occurred during the period:

	Number of Shares	Issue Price	($)
Ordinary fully paid shares			
Opening balance at 1 January 2014	200,709,739	---	69,736,790
Issue of fully paid ordinary shares	42,284,001	$0.045	1,902,781
Less: Issue costs	---	---	(24,285)
Closing balance at 30 June 2014	**242,993,740**		**71,615,286**
Opening balance at 1 July 2014	242,993,740	---	71,615,286
Issue of ordinary fully paid shares – placement	822,666	$0.045	37,020
Issue of ordinary fully paid shares – Entitlements Issue	59,882,577	$0.030	1,796,477
Less: Issue costs	---	---	(126,156)
Closing balance at 31 December 2014	**303,698,983**		**73,322,627**
Contributing Shares			
Opening balance at 1 January 2014	58,775		2,351
Closing balance at 30 June 2014	**58,775**		**2,351**
Opening balance at 1 July 2014	58,775		2,351
Closing balance at 31 December 2014	**58,775**		**2,351**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2014

12. RESERVES

	31 December 2014 ($)	30 June 2014 ($)
Share based payments reserve	**1,035,033**	**1,127,575**

The following movements in the share based payments reserve occurred during the period:

	($)
Opening balance at 1 July 2013	1,461,773
Share based payments expense	22,377
Closing balance at 31 December 2013	**1,484,150**
Unlisted share options expired & transferred to accumulated losses (i)	(515,899)
Share based payments expense	159,324
Closing balance at 30 June 2014	**1,127,575**
Unlisted share options expired & transferred to accumulated losses (i)	(231,351)
Share based payments expense (ii)	138,809
Closing balance at 31 December 2014	**1,035,033**

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.

(i) During the period, previously recognised share based payment transactions for options which had vested but subsequently expired were transferred to accumulated losses.

(ii) 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 2014 to employees under the plan:

Employees entitled	Number of options	Grant date	Vesting date	Expiry date
Employees (A)	250,000	12/12/2014	30/09/2015	30/11/2019
Employees (B)	250,000	12/12/2014	30/09/2016	30/11/2019
Total	**500,000**			

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 2014.

	(A)	(B)
Dividend yield (%)	---	---
Expected volatility (%)	100%	100%
Risk-free interest rate (%)	2.86%	2.86%
Expected life of option (years)	4.97	4.97
Option exercise price	$0.045	$0.06
Share price at grant date	$0.03	$0.03

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2014

12. RESERVES (Continued)

The following options to subscribe for ordinary fully paid shares expired during the half-year:

Class	Number of options	Expiry date	Exercise Price
Unlisted Options	625,000	31/07/2014	$0.40
Unlisted Options	6,000,000	31/07/2014	$0.15
Total	**6,625,000**		

There were no options exercised during the half year ended 31 December 2014.

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 Statement of Financial Position.

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 2014.

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:

- Pursuant to the Entitlements Issue, the Directors reserved the right to place any shortfall shares not taken up by eligible shareholders at their discretion with persons interested in subscribing for shares in the Company. On 12 February 2015, the Company completed a placement and issued a further 1,928,999 shares as part of the shortfall placement, raising $57,870.
- On 13 February 2015, the Company received a Research and Development (**R&D**) Tax Incentive rebate from the Australian Taxation Office of $1,221,467. During the year ended 30 June 2014 the Group incurred eligible R&D expenditure from which the rebate was calculated.

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 23, 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 2014 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 Perth this 6th day of March 2015.

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

ORION GOLD NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Orion Gold NL which comprises the consolidated interim statement of financial position as at 31 December 2014, the consolidated interim statement of profit or loss and other 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year 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 half-year 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the 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 a half-year 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*. We confirm that the independence declaration required by the *Corporations act 2001*, which has been given to the directors of Orion Gold NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year 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 consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2 to the interim financial statements which indicates that the consolidated entity incurred a loss of $24,691 for the half year ended 31 December 2014 (31 December 2013: loss of $10,621,778), and reported negative operating cash flows of $996,661 for the half year ended 31 December 2014 (December 2013: negative operating cash flows of $1,489,676). This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Jason Croall

J S CROALL
Partner

Dated: 6 March 2015
Melbourne, Victoria