Orion Gold NL

and its Controlled Entities

ABN: 76 098 939 274

31 December 2015
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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Australian Securities Exchange (ASX)
ASX Code: ORN

SHARE REGISTRY
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152 St Georges Terrace
Perth, Western Australia 6000
Telephone: +61 1300 306 089

AUDITOR
RSM Australia Partners
Level 21
55 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 2015 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 (**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 $1,709,520 (31 December 2014: net loss of $888,352). Net cash used in operating activities for the half year totalled $844,988 (31 December 2014: $996,661). Cash on hand as at 31 December 2015 was $615,015 (30 June 2015: $118,279).

In the half year ended 31 December 2015, 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 $1,181,554 in exploration activities for the group was incurred in the half year ended 31 December 2015 (31 December 2014: $1,311,884).

The basic loss per share for the Group for the half year was 0.54 cents and diluted loss per share for the Group for the half year was 0.54 cents (31 December 2014: basic loss per share 0.36 cents and diluted loss per share 0.36 cents).

REVIEW OF OPERATIONS

During the half year the Company continued exploration on its projects in Queensland and Western Australia while investigating a number of new business opportunities. Against the backdrop of depressed conditions in the junior resource industry worldwide, a number of opportunities are being presented to the Company which are worthy of review as part of the Company's growth strategy. The Company's long-term objective is to secure quality projects at a more advanced stage than its current projects, providing shareholders with exposure to a pipeline of development opportunities as well as greenfields exploration. One such opportunity (the Preskia Copper Project) met a number of the Company's criteria and as a result, in November 2015 the Company acquired an exclusive option to purchase this project.

Directors' Report (Continued)

REVIEW OF OPERATIONS (Continued)

Exploration at the Connors Arc Project comprised detailed review of data from the drilling carried out in 2015 as well as identification of new prospects in the project area, resulting in drill testing of a number of targets being undertaken in late 2015. Exploration in the Fraser Range also identified a number of new targets for magmatic nickel-copper sulphide mineralisation based on modelling of data collected previously by the Company.

Connors Arc Epithermal Gold Project (Queensland)

During the half year, the Company continued active exploration of its 100%-owned Connors Arc Project, located 180 kilometres from Rockhampton in Central Queensland Australia.

Results from the Company's maiden drilling program at the Aurora Flats and Veinglorious Prospects were interpreted including Visible-Short Wave Infrared (**VNIR-SWIR**) data by the Company's technical team and external consultants such as Professor Noel White and Dr Scott Halley. Conclusions included:

- At Aurora Flats the veins intersected in drilling were all intersected well above the zone where conditions would favour gold deposition. Favourable conditions are achieved at temperatures exceeding 220°C, which correlates with a VNIR-SWIR illite crystallinity index of approximately 1.9. All veins intersected in the Aurora Flats drillholes had an illite crystallinity index less than 1.9 and also had a short white mica wavelength < 2210. Illite micas that have formed with low illite crystallinity and shorter wavelengths are indicative of low temperature fluids that have boiled and acidified and are generally focused in the upper extent of the system within the veins, or in the hanging wall, above mineralized mineralised vein deposits.

- At Veinglorious the zone that has been intersected in drill holes is too low in temperature for gold deposition and there is evidence of only a very small temperature gradient in illites over a 280 metre vertical interval. It is hypothesised that the vein has formed in a fracture that is essentially open-to-surface meaning there is almost adiabatic cooling below the surrounding land surface. It is considered probable that there is a pinch point in the fracture down-dip (and along strike) and that at the pinch point, we would expect to find an interval with possible bonanza grades as gold and silver would have been suddenly dumped at the rupture point where the fluid de-gassed, vented and cooled dramatically within an open fracture.

To advance these prospects the Company undertook a number of surface surveys including a high resolution ground magnetic survey and a soil sampling survey. These surveys added targets outside those previously drilled, including some highly anomalous gold-silver assays returned from rockchip sampling of newly identified outcropping veins at the Veinglorious Prospect

Fieldwork focussed on reconnaissance field mapping of the project area to the north of Veinglorious and Aurora Flats, with a number of new epithermal occurrences mapped and sampled. One such prospect, the Chough Prospect, returned anomalous gold-arsenic results and follow up mapping and sampling identified a prospective sulphide-bearing breccia unit as well as a number of epithermal vein occurrences.

As a result of these activities, a drilling program was implemented in November-December as a first test of these new target areas.

Directors' Report (Continued)

REVIEW OF OPERATIONS (Continued)

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

During the half year, work focussed on planning exploration programs to test the targets identified in the Company's Fraser Range holdings during the June 2015 Quarter.

A number of these targets lie beneath deeper, modern sediment cover in the eastern project area, where airborne electromagnetic (**EM**) has been ineffective and, in some cases, where high-resolution magnetic data has not yet been acquired. These targets underlie an area of approximately 72 square kilometres, and a substantial effort is required to ensure the entire area is adequately tested by exploration. As a result, the Company has received advice from its expert consultants as to the options available to carry out effective exploration beneath this cover. Quotes have also been sourced as to the options to expand the level of detailed magnetic and gravity data from the current area to cover the entire landholding.

The new targets are believed to represent mafic-ultramafic intrusions due to the elevated sub-surface density interpreted within these areas, and are therefore prospective for magmatic Ni-Cu mineralisation. The new targets were identified using constrained gravity inversion modelling, which identified a number of bodies within the target area with the high SG characteristic of mafic intrusions in the Albany-Fraser Belt. Previously defined targets have also been progressed by integrating the results of the gravity modelling with data from magnetic and EM surveys.

The Company remains in discussions with several parties who have expressed interest to become involved in the Company's Fraser Range Projects. Involvement from these interested parties could provide both additional technical capability and potential financing for expanded exploration efforts on the Company's large tenement holding. Discussions with various parties are ongoing.

Prieska Copper Project (South Africa)

In July 2015 the Company entered into an exclusive option agreement to review a VMS development asset located in South Africa. This project offers the potential for portfolio diversification as it is further advanced than greenfields exploration, the stage of the Company's other assets.

During the reporting period, the Company undertook extensive due diligence, engaging consultants to assist with digitally capturing, validating and modelling all available project drilling data from hard-copy sources.

This work has enabled the Company to calculate an Exploration Target of 3.0-4.5 million tonnes grading 1.0-1.6% Cu and 1.3-2.0% Zn for near surface mineralisation comprising both oxide, supergene and primary sulphide material to a depth of 100 metres which is potentially accessible via an initial open pit (+105 level Exploration Target) and an Exploration Target of 7.0-11.0 million tonnes grading 1.2-1.8% Cu and 3.9-5.9% Zn for the deeper sulphide mineralisation identified by historic drilling (Deep Sulphide Exploration Target). Refer ASX release 18 November 2015 for further detail on these Exploration Targets.

Although the mine closed in 1989, milling ceased in 1991 and was rehabilitated, the remaining infrastructure could be revived. The underground development and regional infrastructure and services in place at the mine is estimated to have significant replacement value, which will assist in the feasibility and economics of any potential redevelopment of the mine, minimising capital expenditure exposure.

Directors' Report (Continued)

REVIEW OF OPERATIONS (Continued)

The project is located 270 kilometres south-west of Kimberley (the regional capital) in the Northern Cape province. Importantly, the project has access to significant local and regional infrastructure, with mine infrastructure including a regional power grid feed, bitumen access roads, access to a bulk and treated water supply and a 1,900 metre landing strip.

Several wind and solar generation projects are operational in the surrounding area and the mine is located just 48 kilometres from a railway siding at Groveput with an open-access railway line connecting the site to the world-class export port of Saldanha Bay.

The underground mine is accessed via an 8.8 metre diameter concrete lined vertical shaft to a depth of 1,024 metres. Three separate ramp declines (6.5 metres by 3.8 metres) have been developed to access the deepest ore at a vertical depth of 1,140 metres.

The option held by the Company over this project expires on 31 July 2016. Refer to the Corporate section for more information in relation to this option agreement.

Walhalla Gold & Polymetals Project (Victoria)

During the half year, the Company did not carry out any exploration activity on the Walhalla Project. On 11 August 2015 the Company announced that it had entered into a binding term sheet with A1 Consolidated Gold Limited (**A1 Gold**) for A1 Gold to acquire the Company's Walhalla Project mining licence 5487 (**Licence**) and on 30 December 2015, the Company announced that it had entered into a binding agreement with A1 Gold that amended the terms of the binding term sheet for A1 Gold to acquire the Licence. Refer to the Corporate section for further information in relation to the agreement.

The Company retains its mineral rights across all other licences held within the Walhalla Project area, which are prospective for gold, copper – nickel and platinum group elements (**PGE**).

Corporate

<u>Prieska Copper Mine – Option Agreement</u>

On 30 July 2015, the Company announced that it had signed a binding term sheet (**Term Sheet**) for an option to acquire Agama Exploration & Mining (Pty) Ltd (**Agama**), an unlisted South African registered company. Agama holds an effective 73.33% interest in the Prieska Copper Mine (**PC**), located at Copperton, Northern Cape province, South Africa and the Marydale Project located 60 kilometres from PC.

The option is exercisable at the Company's election any time before 31 July 2016, and can be terminated at any time at the Company's election. The option period allows the Company to conduct comprehensive due diligence in advance of a decision to exercise the option.

Directors' Report (Continued)

REVIEW OF OPERATIONS (Continued)

Key terms of the Term Sheet:

- The vendor group, who are unrelated and at arm's length to the Company, have agreed to option and sale terms to sell a 100% interest in Agama.
- The purchase consideration payable upon exercise of the option to complete the acquisition is ZAR 49,000,000 ($4,300,000), comprised as follows:
    - Cash – ZAR 29,000,000 ($2,500,000) is payable in cash;
    - Consideration Shares – ZAR 20,000,000 ($1,700,000) is payable by the issue of fully paid ordinary shares in the Company (**Shares**), to be issued at a 10% discount to the 10 trading day volume weighted average price (**VWAP**) of the Company's Shares prior to the issue of the Consideration Shares (**Share Issue Price**); and
    - Each Consideration Share issued will have an attached unlisted Company option, exercisable at a 100% premium to the Share Issue Price and expiring on the date which is 24 months following the date of issue of the unlisted option.

    The Consideration Shares are subject to regulatory and shareholder approvals. If certain South African regulatory approvals for the issue of Consideration Shares to the vendors are not received within an agreed period, the Consideration Shares may be settled by cash payment to the vendors unable to obtain such approvals.

    Consideration Shares issued to the vendors will be subject to a 6-month voluntary escrow period from their date of issue and 75% of those Shares will be subject to a 12-month voluntary escrow period from their date of issue;

- The Option is exercisable at the Company's election at any time before 31 July 2016, and can be terminated at any time at the Company's election. The Company and the vendors are currently working to complete a formal option, sale and purchase agreement.
- Option fees payable by the Company to maintain the Option are as follows:

Date Option fee due	ZAR	AUD$ equivalent (1)
1 January 2016	150,000	13,000
1 February 2016	200,000	17,000
1 March 2016	200,000	17,000
1 April 2016	200,000	17,000
1 May 2016	250,000	22,000
1 June 2016	250,000	22,000
1 July 2016	250,000	22,000

(1) Exchange rate conversion assumption: AUD 1 = ZAR 11.5

Upon exercise of the option, one final option fee will become payable to the vendor, which shall be equal to the previous option fee payment made by the Company. All Option fees payable by the Company will be deducted from the purchase consideration.

Directors' Report (Continued)

REVIEW OF OPERATIONS (Continued)

The acquisition is subject to:

- due diligence to be completed by the Company;
- the Company providing or procuring finance for Agama so that it can settle all Agama shareholder loans amounting to an aggregate ZAR 31,000,000 ($2,700,000);
- regulatory approvals;
- the issues of Shares and unlisted Company options to the vendors being approved by the Company shareholders where required by law, including the ASX listing rules; and
- Agama disposing of all its assets and liabilities, other than the PC project and the Marydale project, prior to settlement.

Walhalla Project – Option Agreement

On 11 August 2015, the Company announced that it had entered into a binding term sheet (**A1 Term Sheet**) with A1 Consolidated Gold Limited (**A1 Gold**) for A1 Gold to acquire the Company's Walhalla Project Licence in Victoria, which includes the Eureka and Tubal Cain deposits, for total consideration of $850,000.

On 30 December 2015, the Company announced that it had entered into a binding agreement with A1 Gold (**A1 Agreement**) that amends the terms of the A1 Term Sheet for A1 Gold to acquire the Licence. Key terms of the A1 Agreement are as follows:

- $50,000 cash payment (received by the Company in August 2015);
- $300,000 consideration through the issue of 7,816,285 fully paid ordinary A1 Gold shares (**A1 Shares**) at the VWAP of the A1 Shares as traded on the ASX in the ten trading days prior to 7 August 2015 ($0.03838). The A1 Shares were issued to the Company on 2 February 2016 and are not subject to escrow;
- $500,000 royalty through a 2% royalty on net smelter returns from the sale of gold recovered and sold by A1 Gold from the Licence (**NSR**). In addition, A1 Gold has granted the Company a put option whereby the Company can at any time following a period of 36 months from the date of the A1 Term Sheet, require A1 Gold to purchase the NSR at a price equal to $500,000 less any NSR paid in accordance with the A1 Term Sheet (**NSR Consideration**). The Company can elect to receive the NSR Consideration as cash or A1 Shares issued to the Company at the VWAP of the Shares as traded on the ASX in the ten trading days prior to the date of issue; and
- Following the Completion Date, and upon the Victorian Government Department of Economic Development, Jobs, Transport and Resources (**DEDJTR**) issuing a recommendation in relation to the transfer of the Licence from the Company to A1 Gold, A1 Gold is required to replace the $180,000 rehabilitation bond that the Company has on deposit with the DEDJTR.

The acquisition of the Licence by A1 Gold is subject to the grant of consents required under the Mineral Resources (Sustainable Development) Act.

Other than the Licence which has been sold to A1 Gold, the Company has retained its exploration tenements in Walhalla which are prospective for gold, copper - nickel and PGE mineralisation.

Directors' Report (Continued)

REVIEW OF OPERATIONS (Continued)

The previous agreement with A1 Gold involving an option to acquire the Walhalla Project tenements in Victoria expired on 31 July 2015.

Loan Facilities

On 30 July 2015, the Company announced that it had finalised loan agreements with two of its major shareholders for a total of $1,000,000.

A $500,000 loan facility was agreed with Silja Investment Ltd (**Silja**), the Company's largest shareholder and a company associated with a Non-executive Director of the Company, Mr Alexander Haller, and a $500,000 loan facility was agreed with Tarney Holdings Pty Ltd ATF The DP & FL Waddell Family Trust (**Tarney**), a company associated with the Company's Chairman, Mr Denis Waddell (together the **Facilities**).

Under the terms of the Facilities, the Company or lenders had the option to convert cash drawn down under the Facilities to Shares (subject to Shareholder approval).

In conjunction with the Company's share purchase plan (refer below), as approved by shareholders at the Company's Annual General Meeting (**AGM**) held on 26 November 2015, on 2 December 2015, the Company issued the following Shares to convert existing loans from director related entities into Shares:

- 33,333,333 Shares to Tarney - $500,000
- 9,333,333 Shares to Silja - $140,000

The Shares were issued at $0.015 per Share being the same issue price as the SPP and Placement.

Following the debt conversion to equity as shown above, as at 31 December 2015, the Silja Facility had a loan balance of $100,000.

Capital Raising

A. Share Purchase Plan

On 6 November 2015, the Company announced a share purchase plan (**SPP**) to raise a maximum amount of $1,350,000. The SPP provided eligible shareholders with the opportunity to subscribe for new Shares up to a maximum of $15,000 without incurring brokerage or transaction costs. The SPP closed on 11 December 2015.

On 17 December 2015, the Company issued 37,155,101 Shares, to raise $557,327 before costs, as a result of funds raised from the SPP. The issue price of Shares under the SPP was $0.015 per Share.

Directors' Report (Continued)

REVIEW OF OPERATIONS (Continued)

B. Placement

On 26 October 2015, the Company announced its intention to seek applications to subscribe for up to 100,000,000 Shares at an issue price of $0.015 per Share to raise up to $1,500,000 as referred to in the Company's notice of AGM. It was proposed that the placement would occur in two stages being:

- a placement of up to 30,000,000 Shares prior to the AGM using the Company's 15% placement capacity under ASX Listing Rule 7.1; and

- a placement of up to 70,000,000 Shares following the AGM.

On the basis that the Company had not issued Shares prior to the AGM, the resolution to place up to 30,000,000 Shares prior to the AGM was withdrawn.

The resolution to place up to 70,000,000 Shares was approved by shareholders at the Company's AGM held on 26 November 2015. The Shares are to be issued no later than 3 months after the date of the AGM. As of the date of this report the Company has issued 28,914,790 Shares to raise a total of $433,722.

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:

- On 23 February 2016 the Company paid Silja $100,000, thereby repaying the balance of the Silja Facility that was outstanding as at 31 December 2015. Following the repayment of the Silja Facility, the security against all present and after acquired property of the Company was removed. Refer to the Loan Facility of the Corporate section for further detail.

- On 15 February 2016, the Group received a research and development (**R&D**) tax incentive rebate from the Australian Taxation Office of $842,360. During the year ended 30 June 2015, the Group incurred eligible R&D expenditure from which the rebate was calculated.

- On 1 February 2016, A1 Gold issued the Company with 7,816,285 A1 Shares at the VWAP of A1 Shares traded on the ASX ten days prior to 7 August 2015 ($0.03838). The A1 Shares are not subject to escrow. The A1 Shares are part of the purchase consideration for A1 Gold to acquire the Company's Walhalla Project Licence.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 13 and forms part of the directors' report for the half year ended 31 December 2015.

Signed in accordance with a resolution of the directors

Denis Waddell
Chairman

Dated at Perth this 26th day of February 2016

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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 2015, 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 review; and

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

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

26 February 2016
Melbourne, Victoria

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Notes	31 December 2015 ($)	31 December 2014 ($)
Continuing operations			
Other income		63,166	162,272
Exploration and evaluation expenses	4	(604,864)	(365,951)
Administration and employee expenses	4	(772,528)	(685,280)
Plant and equipment written off	9	(641)	(90)
Impairment of non-current assets	7	(399,170)	---
Results from operating activities		(1,714,037)	(889,049)
Finance income		4,517	9,621
Finance expense		---	(8,924)
Net finance costs		4,517	697
Loss before income tax		(1,709,520)	(888,352)
Income tax (expense)/benefit		---	---
Profit/(loss) from continuing operations attributable to equity holders of the Company		**(1,709,520)**	**(888,352)**
Other comprehensive income			
Other comprehensive income for the period, net of income tax		---	---
Total comprehensive income/(loss) for the period		**(1,709,520)**	**(888,352)**
Earnings per share (cents per share)			
- Basic earnings / (loss) per share (AUD)		(0.54)	(0.36)
- Diluted earnings / (loss) per share (AUD)		(0.54)	(0.36)

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 18 to 26.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	31 December 2015 ($)	30 June 2015 ($)
ASSETS			
Current Assets			
Cash and cash equivalents	5	615,015	118,279
Receivables	6	1,073,111	191,658
Inventories		---	4,599
Prepayments		41,960	3,046
Asset held for sale	8	850,000	850,000
Total Current Assets		**2,580,086**	**1,167,582**
Non-current Assets			
Receivables	6	193,617	191,117
Property, plant and equipment	9	75,433	93,092
Deferred exploration, evaluation and development	7	3,365,147	4,017,625
Total Non-current Assets		**3,634,197**	**4,301,834**
TOTAL ASSETS		**6,214,283**	**5,469,416**
LIABILITIES			
Current Liabilities			
Trade and other payables		879,876	398,341
Advance received	8	50,000	---
Loans	10	100,000	140,000
Provisions		15,055	24,359
Total Current Liabilities		**1,044,931**	**562,700**
Non-current Liabilities			
Provisions		932	19,770
Total Non-current Liabilities		**932**	**19,770**
TOTAL LIABILITIES		**1,045,863**	**582,470**
NET ASSETS		**5,168,420**	**4,886,946**
EQUITY			
Issued capital	11	75,166,553	73,458,263
Accumulated losses		(71,247,071)	(69,616,091)
Other reserves	12	1,248,938	1,044,774
TOTAL EQUITY		**5,168,420**	**4,886,946**

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 18 to 26.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Notes	31 December 2015 ($)	31 December 2014 ($)
Cash flows from operating activities			
Receipts from customers		27,768	71,696
Interest received		654	3,860
Interest expense		---	(1,276)
Payments to suppliers and employees		(268,546)	(430,958)
Payments for exploration and evaluation		(604,864)	(639,983)
Net cash flows used in operating activities		(844,988)	(996,661)
Cash flows from investing activities			
Purchase of property, plant and equipment		---	(7,250)
Payments for exploration and evaluation		(283,335)	(629,916)
Proceeds from sale of plant and equipment		26,769	10,000
Proceeds from sale of assets held for sale		50,000	---
Restricted cash investments		---	41,656
Net cash flows from investing activities		(206,566)	(585,510)
Cash flows from financing activities			
Proceeds from the issue of shares		1,091,049	1,558,423
Share issue expenses		(22,759)	(51,083)
Proceeds from borrowings		480,000	340,000
Net cash flows from financing activities		1,548,290	1,847,340
Net increase in cash and cash equivalents		496,736	265,169
Cash and cash equivalents at beginning of period		118,279	875,758
Cash and cash equivalents at end of period	**5**	**615,015**	**1,140,927**

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 18 to 26.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

31 December 2015	Issued capital ($)	Accumulated losses ($)	Other reserves ($)	Total equity ($)
Balance at 1 July 2015	**73,458,263**	**(69,616,091)**	**1,044,774**	**4,886,946**
Profit/ (loss) for the period	---	(1,709,520)	---	(1,709,520)
Other comprehensive income / (loss)	---	---	---	---
Total comprehensive income / (loss) for the period	---	(1,709,520)	---	(1,709,520)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of costs	1,708,290	---	---	1,708,290
Transfer of share options expired	---	78,540	(78,540)	---
Share-based payments expense	---	---	282,704	282,704
Total Transactions with owners	1,708,290	78,540	204,164	1,990,994
Balance at 31 December 2015	**75,166,553**	**(71,247,071)**	**1,248,938**	**5,168,420**

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**
Profit/ (loss) for the period	---	(888,352)	---	(888,352)
Other comprehensive income / (loss)	---	---	---	---
Total comprehensive income / (loss) for the period	---	(888,352)	---	(888,352)
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	231,351	(92,542)	1,846,150
Balance at 31 December 2014	**73,324,978**	**(67,184,432)**	**1,035,033**	**7,175,579**

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 18 to 26.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2015

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 2015 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 2015 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 2015. Mandatory accounting standards were adopted by the Group during the period. The adoption of the new accounting standards has 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 2015.

This consolidated interim financial report was approved by the Board of Directors on 25 February 2016.

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 2015.

Comparative amounts in the consolidated interim statement of profit or loss and other comprehensive income for the half year ended 31 December 2014 have been adjusted to reflect consistency with the recognition of the transactions and presentation in the financial report for the financial year ended 30 June 2015.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Going concern

The Group recorded a net loss of $1,709,520 for the half year ended 31 December 2015 (31 December 2014: net loss of $888,352) and the Group's position as at 31 December 2015 was as follows:

- The Group had cash reserves of $615,015;
- The Group had negative operating cash flows of $844,988 (31 December 2014: negative operating cash flows of $$996,661) including $604,864 in payments for exploration and evaluation for the half year ended 31 December 2015;
- The Group had positive working capital at 31 December 2015 of $1,535,155 (30 June 2015: $604,882), including cash reserves of $615,015; 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.

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

- The Group has cash reserves of $573,495 following the receipt of a research and development tax incentive rebate of $842,360 on 15 February 2016; and
- The Group has a positive working capital position of $1,065,276.

Current forecasts indicate that cash on hand as at 31 December 2015 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. The Group is undertaking a review of its exploration portfolio in Queensland, Western Australia and Victoria. 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 and opportunities.

During the half year, the Group continued 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. On 18 November 2015, the Company announced that it had secured an outstanding growth and diversification opportunity in the global base metals sector after securing an option to acquire an advanced, volcanic massive sulphide copper-zinc project located in South Africa with near-term production potential.

Accordingly, the Group will be required to raise additional equity, consider alternate funding options or a combination of the foregoing. 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 and maintain the Company's tenements in good standing. The Company has previously been successful in raising capital as and when required as evidenced by capital raising initiatives of $1,731,049 (before costs) during the half year ended 31 December 2015 to support the Company's exploration programs. In addition, the announcement of the South African project has generated interest from a number of parties with regards to potential funding arrangements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The amount and timing of any funding for operational and exploration plans is the subject of ongoing review.

Accordingly, the financial statements for the half year ended 31 December 2015 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. 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.

4. EXPENSES

	Notes	31 December 2015 ($)	31 December 2014 ($)
Exploration and evaluation expenses			
Exploration and evaluation expenses		(292,927)	(174,318)
Employee expenses		(311,937)	(191,633)
Total exploration and evaluation expenses	7	**(604,864)**	**(365,951)**
Administration and employee expenses			
Administration expenses		(368,082)	(361,059)
Employee expenses		(104,724)	(157,669)
Employee share based payments	12	(282,704)	(138,809)
Depreciation	9	(17,018)	(27,743)
Total administration and employee expenses		**(772,528)**	**(685,280)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2015

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 2015 ($)	30 June 2015 ($)
Cash and cash equivalents	615,015	118,279
Total cash and cash equivalents	**615,015**	**118,279**

6. RECEIVABLES

	31 December 2015 ($)	30 June 2015 ($)
Current receivables		
Security deposits and environmental bonds	180,000	180,000
Other receivables	888,172	10,582
Interest receivable	4,939	1,076
	1,073,111	**191,658**
Non-current receivables		
Security deposits and environmental bonds	193,617	191,117
	193,617	**191,117**

7. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2015 ($)	30 June 2015 ($)
Acquired mineral rights		
Opening cost	2,228,640	2,228,640
Exploration and evaluation acquired	---	---
Acquired mineral rights	**2,228,640**	**2,228,640**
Deferred exploration and evaluation expenditure		
Opening cost	1,788,985	3,209,997
Expenditure incurred	1,181,554	3,015,581
R&D tax incentive rebate in relation to exploration assets	(829,998)	(1,137,693)
Exploration expensed	(604,864)	(823,373)
Impairment (a)	(399,170)	(1,625,527)
Reclassification to assets held for sale	---	(850,000)
Deferred exploration and evaluation	**1,136,507**	**1,788,985**
Net carrying amount at end of period	**3,365,147**	**4,017,625**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2015

7. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (Continued)

(a) As at 31 December 2015 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 Statement of Financial Position as at 31 December 2015 was written down by $399,170. The write down relates to analysis performed by management indicating that the capitalised exploration on an area of interest would not be recoverable by the Company as successful future development is not expected.

8. ASSET HELD FOR SALE AND DEFERRED INCOME / REVENUE

	31 December 2015 ($)	30 June 2015 ($)
Exploration assets - Walhalla Mining Licence	850,000	850,000

AASB 5 – *Non Current Assets Held for Sale and Discontinued Operations* has a requirement for an asset to be reclassified as 'Held for Sale' upon certain criteria being met. The binding agreement with A1 Consolidated Gold Limited (**A1 Gold**) for the sale of Walhalla mining licence 5487 (**Licence**) meets these requirements and the exploration asset has been reclassified accordingly.

Terms of the binding agreement refer to risk and title passing to A1 Gold upon transaction completion. As at 31 December, 2015, the completion for the sale of the Licence had not been completed. Therefore, under AASB 5 and AASB 118, the payment consideration received for $50,000 upon execution of the binding agreement is held as 'Advance received' in the Statement of Financial Position and the value of the Asset Held for Sale is held at the purchase consideration price.

9. PROPERTY PLANT & EQUIPMENT

	31 December 2015 ($)	30 June 2015 ($)
Property, plant & equipment		
Opening cost	1,015,095	1,003,781
Accumulated depreciation	(922,003)	(865,879)
Net carrying amount at beginning of period	**93,092**	**137,902**
Additions	---	11,314
Disposals and assets written off	(641)	(464)
Depreciation	(17,018)	(55,660)
Net carrying amount at end of period	**75,433**	**93,092**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2015

10. RELATED PARTIES

Loan Facilities

On 30 July 2015, the Company announced that it had finalised loan agreements with two of its major shareholders for a total of $1,000,000.

A $500,000 loan facility was agreed with Silja Investment Ltd (**Silja**), the Company's largest shareholder and a company associated with Non-executive Director, Mr Alexander Haller, and a $500,000 loan facility was agreed with Tarney Holdings Pty Ltd ATF The DP & FL Waddell Family Trust (**Tarney**), a company associated with the Company's Chairman, Mr Denis Waddell (together the **Facilities**).

During the reporting period, both Facilities were drawn on. The Tarney Facility was drawn down in full. The Silja Facility was drawn on for $100,000, bringing the total of the Facility to $240,000 as the prior loan balance of $140,000 was rolled into the new Facility agreement.

Under the terms of the Facilities, the Company or lenders had the option to convert cash drawn down under the Facilities to Shares (subject to Shareholder approval).

As approved by shareholders at the AGM held on 26 November 2015, on 2 December 2015 the Company issued the following Shares at an issue price of $0.015 per Share to convert loans from director related entities into Shares:

- 33,333,333 Shares to Tarney - $500,000
- 9,333,333 Shares to Silja - $140,000

The Silja Facility cash balance of $100,000 was repaid in cash to the lender subsequent to the reporting period. Both Facilities have now expired with nil owing to either lender.

Other transactions with key management personnel

On 2 December 2015, the Company issued 6,666,666 Shares to Mr Errol Smart to raise $100,000. The issue of Shares was approved at the AGM held on 26 November 2015.

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

On 2 December 2015, the Company issued the following options to related parties as approved by shareholders at the AGM held on 26 November 2015. The options expire 30 November 2020 and are exercisable as follows:

	$0.02 exercise price	$0.035 exercise price	$0.05 exercise price
Directors			
Mr Denis Waddell	4,000,000	4,000,000	4,000,000
Mr Errol Smart	10,000,000	10,000,000	10,000,000
Mr William Oliver	2,000,000	2,000,000	2,000,000
Executives			
Mr Martin Bouwmeester	2,000,000	2,000,000	2,000,000

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2015

11. ISSUED CAPITAL

	31 December 2015 ($)	30 June 2015 ($)
Ordinary fully paid shares	75,164,202	73,455,912
Contributing shares	2,351	2,351
	75,166,553	**73,458,263**

The following movements in issued capital occurred during the period:

	Number of shares	Issue price	($)
Ordinary fully paid shares			
Opening balance at 1 January 2015	303,698,983		73,398,042
Issue of fully paid ordinary shares	1,928,999	$0.030	57,870
Less: Issue costs	---	---	---
Closing balance at 30 June 2015	**305,627,982**		**73,455,912**
Opening balance at 1 July 2015	305,627,982	---	73,455,912
Issue of ordinary fully paid shares	33,333,333	$0.015	500,000
Issue of ordinary fully paid shares	9,333,333	$0.015	140,000
Issue of ordinary fully paid shares	6,666,666	$0.015	100,000
Issue of ordinary fully paid shares	17,666,666	$0.015	265,000
Issue of ordinary fully paid shares	37,155,101	$0.015	557,327
Issue of ordinary fully paid shares	11,248,124	$0.015	168,722
Less: Issue costs	---	---	(22,759)
Closing balance at 31 December 2015	**421,031,205**		**75,164,202**
Contributing Shares			
Opening balance at 1 January 2015	58,775		2,351
Closing balance at 30 June 2015	**58,775**		**2,351**
Opening balance at 1 July 2015	58,775		2,351
Closing balance at 31 December 2015	**58,775**		**2,351**

12. RESERVES

	31 December 2015 ($)	30 June 2015 ($)
Share based payments reserve	1,248,938	1,044,774

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2015

12. RESERVES (Continued)

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

	($)
Opening balance at 1 July 2014	1,127,575
Share based payments expense	(92,542)
Closing balance at 31 December 2014	**1,035,033**
Unlisted share options expired and transferred to accumulated losses (i)	(42,950)
Share based payments expense (ii)	52,691
Closing balance at 30 June 2015	**1,044,774**
Unlisted share options expired and transferred to accumulated losses (i)	(78,540)
Share based payments expense (ii)	282,704
Closing balance at 31 December 2015	**1,248,938**

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 2015 to employees under the plan:

Employees entitled	Number of options	Grant date	Vesting date	Expiry date
Employees (A)	18,333,333	26/11/2015	30/11/2015	30/11/2020
Employees (B)	18,333,333	26/11/2015	30/11/2016	30/11/2020
Employees (C)	18,333,334	26/11/2015	30/11/2017	30/11/2020
Total	**55,000,000**			

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 2015.

	(A)	(B)	(C)
Dividend yield (%)	---	---	---
Expected volatility (%)	100%	100%	100%
Risk-free interest rate (%)	3.00%	3.00%	3.00%
Expected life of option (years)	5.00	4.00	3.00
Option exercise price	$0.02	$0.035	$0.05
Share price at grant date	$0.016	$0.016	$0.016

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2015

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	6,000,000	31/07/2015	$0.247849
Unlisted options	3,500,000	31/08/2015	$0.247849
Listed options	42,500,000	31/08/2015	$0.197849
Total	**52,000,000**		

There were no options exercised during the half year ended 31 December 2015.

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 2015.

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:

- On 23 February 2016 the Company paid Silja $100,000, thereby repaying the balance of the Silja Facility that was outstanding as at 31 December 2015. Following the repayment of the Silja Facility, the security against all present and after acquired property of the Company was removed. Refer to the Loan Facility of the Corporate section for further detail.

- On 15 February 2016, the Group received a research and development (**R&D**) tax incentive rebate from the Australian Taxation Office of $842,360. During the year ended 30 June 2015, the Group incurred eligible R&D expenditure from which the rebate was calculated.

- On 1 February 2016, A1 Gold issued the Company with 7,816,285 fully paid ordinary A1 Gold Shares (**A1 Shares**) at the VWAP of shares traded on the ASX ten days prior to 7 August 2015 ($0.03838). The A1 Shares are not subject to escrow. The A1 Shares are part of the purchase consideration for A1 Gold to acquire the Company's Walhalla Project Licence.

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 14 to 26, 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 26th day of February 2016.

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

ORION GOLD NL

We have reviewed the accompanying half-year financial report of Orion Gold NL ("the consolidated entity") which comprises the consolidated interim statement of financial position as at 31 December 2015, the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and the 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 consolidated entity 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 half-year 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 2015 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 Resource Base Limited, 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 review 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 2015 and of its performance for the half-year then ended; 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 financial statements which indicates that as at 31 December 2015 the consolidated entity incurred a loss of $1,709,520 for the half year ended 31 December 2015 (31 December 2014: loss of $888,352), and reported negative operating cash flows of $844,988 for the half year ended 31 December 2015 (December 2014: negative operating cash flows of $996,661). These conditions, 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

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

26 February 2016
Melbourne, Victoria