



Orion Gold_{NL}

and its Controlled Entities

ABN: 76 098 939 274

**31 December 2009
Interim Financial Report**

Corporate Directory

DIRECTORS

Denis Waddell (Executive Chairman)
Graeme Sloan
Alexander Haller

COMPANY SECRETARY

Martin Bouwmeester

PRINCIPAL & REGISTERED OFFICE

Level 11 / 330 Collins Street
Melbourne Victoria 3000

CONTACT DETAILS

T: +61 3 8080 7170
F: +61 3 8080 7174
E: info@oriongold.com.au
W: www.oriongold.com.au

SHARE REGISTRARS

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

AUDITOR

KPMG
147 Collins Street
Melbourne Victoria 3000

LEGAL ADVISORS

Clayton Utz
Level 18 / 333 Collins Street
Melbourne VIC 3000

Table of Contents

CORPORATE DIRECTORY	1
TABLE OF CONTENTS	2
DIRECTORS' REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	7
CONSOLIDATED BALANCE SHEET	8
CONSOLIDATED STATEMENT OF CASH FLOWS	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	10
1. REPORTING ENTITY	11
2. STATEMENT OF COMPLIANCE	11
3. SIGNIFICANT ACCOUNTING POLICIES.....	11
4. GOING CONCERN BASIS FOR PREPARATION.....	13
5. SEGMENT INFORMATION	13
6. REVENUE, INCOME AND EXPENSES	14
7. CASH AND CASH EQUIVALENTS	15
8. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE.....	15
9. PROPERTY PLANT & EQUIPMENT	16
10. CONVERTIBLE NOTE.....	17
11. RELATED PARTIES.....	18
12. COMMITMENTS AND CONTINGENCIES.....	18
13. ISSUED CAPITAL AND RESERVES	18
14. EVENTS AFTER THE BALANCE SHEET DATE.....	19
DIRECTORS' DECLARATION	20
INDEPENDENT AUDITOR'S REVIEW REPORT.....	21

Directors' Report

The directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2009 and the review report thereon.

DIRECTORS

The names of Orion Gold NL directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Non-executive

Mr Graeme Sloan - Non Executive Director

Mr Alexander Haller - Non Executive Director

Executive

Mr Denis Waddell – Executive Chairman

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity is minerals exploration. There were no significant changes in the nature of the consolidated entity's principal activities during the financial period.

OPERATING RESULTS

The consolidated entity recorded a net loss for the period of \$35,803,155 (2008: net loss of \$30,273,660). The result is driven primarily by the non cash net movement in fair value of convertible note options of \$33,484,999.

REVIEW OF OPERATIONS

Walhalla Gold Project

During the half year ended 31 December 2009, the Company continued with a review of geological data and historical mining records relating to the Walhalla Gold Project tenement area. Based upon this review, the Board of Directors adopted a two part strategic plan:

1. Complete a technical review of all data relating to the highly prospective Walhalla Gold Project and determine priority targets to be drill tested.
2. Progress a pre-feasibility study on the current gold resources within the Walhalla Gold Project.

Based upon the data from 130 years of exploration and mining activities including the previous work completed by Orion Gold, the Company identified a number of highly prospective targets where additional resources may occur.

An initial 16 hole diamond drill program commenced in November 2009, and was expected to be completed by July 2010. However, given the slower than anticipated drilling rates encountered to date, principally due to ground conditions, the program is expected to be continue into the latter part of the 2010 year.

The objectives of the drill program are to:

- confirm the continuity of mineralisation along the West 1 Trend by drill testing the Meulemans – Kleins – Black Diamond - Overseas Option - New North Long Tunnel series of workings.
- test potential extensions of the Cohen's Reef. A priority exploration target has been identified in the northern part of Cohen's that will be drilled from surface as part of the West 1 program. The target area is the northern (up plunge) extension of the interpreted upper shoot that was mined by the Long Tunnel Extended Company. If this shoot continues northwards into the North Long Tunnel ground, a large block of unexploited ore may exist relatively close to the surface.
- test targets along the West 2 Trend, including holes in the vicinity of the Longfellows and Happy-Go-Lucky workings.

The drill program aims to illustrate the continuity of mineralisation along the Cohen's Line and parallel structures leading to the development of high grade near surface mineral resources based upon continuous, planar, laminated reef mineralisation.

The first hole (OBD001), which targeted the continuity of mineralisation along the West 1 Trend in the vicinity of the Black Diamond workings successfully intersected the interpreted 'West 1' line of mineralisation and an additional dyke and associated mineralisation further to the west.

Although the grades returned in OBD001 are not of ore grade, the anomalous intersections are considered encouraging because they confirmed two separate zones, approximately 110 metres and 370 metres down dip from the Black Diamond (6th level) and New Long Tunnel (adit level) ore zones respectively. Based upon the location of the New Long Tunnel workings, the two intersections effectively create a large target area approximately 325 metres up-dip by 260 metres along strike for follow up drilling.

Given that the structures remain open in all directions at the intercepted depths and are anomalous in gold, the Company believes there is excellent potential to delineate high grade shoots of ore within the target area, similar to that evident in the main Cohen workings located immediately to the east of the drill intercepts.

Drill hole OBD002 was abandoned due to broken ground and did not intersect either of the target zones.

Drill hole OBD002A, essentially a redrill of OBD002, was completed in late January 2010 after successfully intersecting both the Black Diamond and New Long Tunnel Dykes. The Black Diamond Dyke hosts fine quartz veining but the 'upper' and 'lower' reefs are not obvious. A vein approximately 15 cm wide, in the lower section of the New Long Tunnel dyke likely correlates with the reef intersected in the same position in OBD001. Geological assessment, core processing and sampling are pending.

Drill hole OBD003 was recently completed and intersected a dyke around 4 metres wide at approximately 355 metres to 359 metres, but the appearance and position is inconsistent with this dyke correlating with the Black Diamond dyke. This suggests that the Black Diamond dyke is not present south of the Black Diamond workings, explaining the paucity of workings in this area, whereas one of the lower dykes may be equivalent to the New Long Tunnel dyke. Geological assessment, core processing and sampling are pending.

The drill rig has now been relocated to the northern pad (Pad-B) to target both the potential northern extension of the West 1 line of mineralisation and the Cohen's North target.

Other Projects

The Company undertook an initial geological assessment of the more regional component of the Walhalla Gold Project during the June 2009 half year and more detailed assessment is ongoing. A number of areas of interest have been identified and work plans are being prepared with the intention of progressing through to drilling. Drilling of these targets will be in addition to the current drilling program in the immediate vicinity of Walhalla.

Corporate

The appointment of administrators in January 2009 was a major setback for the Company, however, following the successful outcome of the Deed of Company Arrangement process and the reinstatement of the Company's shares to the ASX in July 2009, the Company is well placed to progress exploration on its highly prospective Walhalla Gold Project tenement package.

Total cash on hand as at 31 December 2009 was \$7,164,643.

EVENTS SUBSEQUENT TO BALANCE DATE

No significant events occurred after the balance sheet date of the Company and the consolidated entity.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half-year ended 31 December 2009.

Signed in accordance with a resolution of the directors



Denis Waddell
Executive Chairman



Graeme Sloan
Director

Dated at Melbourne this 25th day of February 2010



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

To: the directors of Orion Gold NL

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.


KPMG



Alison Kitchen
Partner

Melbourne

25 February 2010

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

	Notes	31 December 2009	31 December 2008
Continuing operations			
Other income	6	59,000	4,203
Exploration and evaluation expenses	6	(724,493)	---
Administration expenses	6	(1,366,576)	(2,156,143)
Impairment of non-current assets		---	(28,121,816)
Non-cash movement in convertible notes option fair value	10	(33,484,999)	---
Results for operating activities		(35,517,068)	(30,273,756)
Finance income	6	209,591	33,379
Finance expense	6	(748,862)	(33,283)
Net finance costs		(539,271)	96
Loss before income tax		(36,056,339)	(30,273,660)
Income tax (expense)/benefit	6	253,184	---
Net loss from continuing operations		(35,803,155)	(30,273,660)
Loss for the period attributed to:			
Equity holders of the Company		---	---
Loss for the period		(35,803,155)	(30,273,660)
Other comprehensive income			
Other comprehensive income for the period, net of income tax		---	---
Total comprehensive loss for the period		(35,803,155)	(30,273,660)
Earnings per share (cents per share)			
- basic and diluted loss per share (AUD)		(9.71)	(20.14)

The Statement of Comprehensive Income is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 11 to 19.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

	Notes	31 December 2009	30 June 2009
ASSETS			
Current Assets			
Cash on hand and at bank	7	7,164,643	9,668,184
Receivables		138,586	74,074
Inventories		18,043	9,656
Prepayments		51,509	2,650
Total Current Assets		7,372,781	9,754,564
Non-current Assets			
Receivables		479,580	254,287
Property, plant and equipment	9	405,398	454,861
Deferred exploration, evaluation and development	8	5,520,387	5,300,000
Total Non-current Assets		6,405,365	6,009,148
TOTAL ASSETS		13,778,146	15,763,712
LIABILITIES			
Current Liabilities			
Trade and other payables		426,095	1,388,547
Finance lease		2,551	6,121
Provisions		53,836	36,720
Total Current Liabilities		482,482	1,431,388
Non-current Liabilities			
Finance lease		1,275	1,275
Provisions		3,655	2,729
Convertible notes*	10	41,121,922	6,888,375
Total Non-current Liabilities		41,126,852	6,892,379
TOTAL LIABILITIES		41,609,334	8,323,767
NET ASSETS		(27,831,188)	7,439,945
EQUITY			
Issued capital	13	43,933,658	43,762,775
Accumulated losses		(73,504,963)	(37,701,808)
Other reserves	13	1,740,117	1,378,978
TOTAL EQUITY		(27,831,188)	7,439,945

* The maximum amount payable in cash in relation to the convertible notes is \$8,846,872 on 31 August 2013. The unrealised gain or loss recognised at each reporting date is not a cash gain or loss and will not affect the Company's cash reserves. Refer to Note 10 for further details.

The balance sheet is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 11 to 19.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

	Notes	31 December 2009	31 December 2008
Cash flows from operating activities			
Receipts from customers		---	4,203
Interest received		99,853	24,954
Income tax refund		253,184	---
Payments to suppliers and employees		(1,867,356)	(1,407,835)
Payments for exploration and evaluation		(944,880)	(1,633,737)
Net cash flows used in operating activities		(2,459,199)	(3,012,415)
Cash flows from investing activities			
Purchase of property, plant and equipment		(50,068)	(176,509)
Restricted cash investments		(220,586)	---
Proceeds for sale of property, plant and equipment		59,000	---
Net cash flows used in investing activities		(211,654)	(176,509)
Cash flows from financing activities			
Proceeds from issue of shares		200,050	321,181
Repayment of financial lease		(3,571)	---
Proceeds from issue of convertible note		---	1,400,000
Share issue expenses		(29,167)	(52,868)
Net cash flows from financing activities		167,312	1,668,313
Net decrease in cash and cash equivalents		(2,503,541)	(1,520,611)
Cash and cash equivalents at beginning of period		9,668,184	1,757,722
Cash and cash equivalents at end of period	7	7,164,643	237,111

The statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 11 to 19.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009**

	Ordinary shares	Share option reserve	Accumulated losses	Total equity
Balance at 1 July 2008	39,039,570	319,092	(5,400,563)	33,958,099
Total comprehensive loss for the period	---	---	(30,273,660)	(30,273,660)
Shares issued	321,181	---	---	321,181
Transaction costs on share issue	(52,868)	---	---	(52,868)
Movement in reserves	---	23,736	---	23,736
Balance at 31 December 2008	39,307,883	342,828	(35,674,223)	3,976,488

	Ordinary shares	Share option reserve	Accumulated losses	Total equity
Balance at 1 July 2009	43,762,775	1,378,978	(37,701,808)	7,439,945
Total comprehensive loss for the period	---	---	(35,803,155)	(35,803,155)
Shares issued	200,050	---	---	200,050
Transaction costs on share issue	(29,167)	---	---	(29,167)
Movement in reserves	---	361,139	---	361,139
Balance at 31 December 2009	43,933,658	1,740,117	(73,504,963)	(27,831,188)

The statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report set out on pages 11 to 19.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2009**1. REPORTING ENTITY**

Orion Gold NL (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interests in controlled entities.

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2009 is available upon request from the Company's registered office or at www.oriongold.com.au.

2. 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 2009.

This consolidated interim financial report was approved by the Board of Directors on 25 February 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2009.

(I) Determination and presentation of operating segments

As of 1 July 2009 the consolidated entity determines and presents operating segments based on the information that internally is provided to the Executive Chairman, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 Operating Segments. Previously operating segments were determined and presented in accordance with AASB 114 Segment Reporting. The new accounting policy in respect of segment operating disclosures is presented as follows.

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entities other components. An operating segment's operating results are reviewed regularly by the Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I) Determination and presentation of operating segments (continued)

Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

II) Presentation of financial statements

The consolidated entity applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 July 2009. As a result, the consolidated entity presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six month period ended on 31 December 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

III) Estimates

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 consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2009.

IV) Comparatives

Where applicable, comparatives have been adjusted to disclose them on the same basis as current period figures.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2009**4. GOING CONCERN BASIS FOR PREPARATION**

The consolidated entity has recorded a net loss of \$35,803,155 (2008: \$30,273,660) for the six months ended 31 December 2009. This was predominately due to a non cash loss due to the net movement in the fair value of convertible notes options of \$33,484,999. The net current asset position is \$6,890,299 (30 June 2009: \$8,323,176) as at balance date.

The directors have prepared cash flow forecasts that indicate that the consolidated entity and the parent entity will have a cash surplus for a period of at least 12 months from the date of this report.

Based on the cash flow forecasts and taking into account the non cash net movement in the fair value of convertible notes options of \$33,484,999, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

5. SEGMENT INFORMATION

The consolidated entity has one reportable segment which is the Walhalla and Victoria Regional Gold Project. The Group conducts minerals exploration on this tenement area.

The reportable segment information that is reviewed by the Executive Chairman in the monthly management reports is presented for the Company 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 2009

6. REVENUE, INCOME AND EXPENSES

	31 December 2009	31 December 2008
Other income		
Sale of plant, equipment and tenements	59,000	2,880
Sundry income	---	1,323
Total revenue	59,000	4,203
Exploration and evaluation expenses		
Exploration and evaluation expenses	(541,538)	---
Employee expenses	(182,955)	---
Total exploration and evaluation expenses	(724,493)	---
Administration expenses		
Administration expenses	(610,929)	(1,209,378)
Employee expenses	(314,977)	(586,751)
Employee share based payments	(361,139)	(23,736)
Depreciation	(79,531)	(336,278)
Total administration expenses	(1,366,576)	(2,156,143)
Net finance costs		
Finance income		
Interest revenue	209,591	33,379
Total finance income	209,591	33,379
Finance expense		
Interest expense	(314)	(33,283)
Interest expense convertible notes	(280,432)	---
Unwinding interest expense convertible notes	(432,896)	---
Amortisation of borrowing costs	(35,220)	---
Total finance expense	(748,862)	(33,283)
Income tax (expense)/benefit		
Income tax research and development cash rebate	253,184	---
Total income tax (expense)/benefit	253,184	---

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2009

7. 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 2009	30 June 2009
Cash at bank and in hand	7,164,643	9,668,184
Total cash and cash equivalents	7,164,643	9,668,184

8. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2009	30 June 2009
Deferred exploration and evaluation expenditure		
Net carrying amount at beginning of period	5,300,000	29,905,260
Expenditure during period	944,880	2,041,933
Impairment (b)	---	(26,238,996)
Exploration expensed (a)	(724,493)	(408,197)
Net carrying amount at end of period	5,520,387	5,300,000

Exploration and evaluation expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest. Exploration expenditure related to an area of interest is carried forward provided that rights to tenure of the areas of interest are current and that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration activities in the area of interest have not, at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration expenditure which no longer satisfies the above policy is written off. In addition, a provision is raised against deferred exploration and evaluation expenditure in the event that an area of interest is abandoned or if the directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The increase in the provision is charged against the financial performance for the year.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2009

8. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

- (a) The consolidated entity undertook a review of the carrying value of each area of interest as part of the completion of its consolidated interim financial report for the half-year ended 31 December 2009. As a result, the tenements held in Western Australia were disposed/surrendered and the \$200,000 carrying value of deferred exploration, evaluation and development expenditure in the balance sheet has been expensed.
- (b) The consolidated entity undertook a review of the carrying value of each area of interest as part of the completion of its consolidated interim financial report for the half-year ended 31 December 2008. As a result, the carrying value of deferred exploration, evaluation and development expenditure in the balance sheet as at 31 December 2008 was written down by \$26,238,996. Approximately \$24.2 million of the write down relates to deferred exploration, evaluation and development expenditure at the Walhalla exploration project.

9. PROPERTY PLANT & EQUIPMENT

	31 December 2009	30 June 2009
Property, plant & equipment		
Net carrying amount at beginning of period	454,861	2,796,944
Additions	50,068	4,976
Disposals	(20,000)	---
Depreciation	(79,531)	(464,239)
Impairment	---	(1,882,820)
Net carrying amount at end of period	405,398	454,861

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2009

10. CONVERTIBLE NOTE

	31 December 2009	30 June 2009
Convertible note	41,121,922	6,888,375

Under the converting loan agreement between Silja Investment Limited ("Silja") and the Company, Silja provided a total of \$6 million in funding to the Company by way of convertible notes ("Notes") during the year ended 30 June 2009. Settlement of the converting loan (\$6 million) and accrued interest is due on 31 August 2013 unless Silja elects to convert the Notes to fully paid ordinary shares ("Shares") on or before such date. Silja does not have a right to demand cash to settle the outstanding amount prior to 31 August 2013. Further details in relation to these Notes can be found in the Company's 2009 Annual Report.

The Notes issued to Silja comprise a liability component and a conversion option in the hands of Silja under the terms of the Notes. The number of Shares in the Company that will be issued upon conversion may vary depending upon the issue price of any capital raisings the Company may have on or before 31 August 2013. Should the Company issue Shares for a price of less than 1 cent per Share on or before 31 August 2013, the Notes can be converted at the lowest price Shares are issued at up until that date. If the Company does not issue Shares at less than 1 cent before 31 August 2013, the conversion price will be 1 cent per Share.

As a result of the variable feature contained within the terms of the Notes, the instrument is accounted for in accordance with AASB 139 Financial Instruments: Recognition and Measurement as a financial liability and is measured at fair value each reporting date with any difference in valuation recognised in the statement of comprehensive income.

The conversion option is not payable in cash and the unrealized gain or loss reported periodically is not a cash gain or liability and therefore will not affect the Company's cash reserves.

The aggregate amount of the convertible note liability at 31 December 2009 is \$41,121,922 (2009: \$6,888,375).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

For the half year ended 31 December 2009

11. RELATED PARTIES

Transactions with key management personnel

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

12. COMMITMENTS AND CONTINGENCIES

There are no material contingent liabilities that have arisen since 30 June 2009.

13. ISSUED CAPITAL AND RESERVES

	Date	Number of Shares/Options	Issue/Exercise Price	\$
Issued Capital				
Movements in shares on issue				
Opening balance at 1 January 2009		150,630,097		39,305,532
Issue of ordinary fully paid shares	1 Feb 2009	5,000,000	\$0.01	50,000
Issue of ordinary fully paid shares	3 Mar 2009	9,325,000	\$0.01	93,250
Issue of ordinary fully paid shares	18 Jun 2009	580,000,000	\$0.01	5,800,000
Less: Issue costs		---	---	(1,488,358)
Closing balance at 30 June 2009		744,955,097		43,760,424
Opening balance at 1 July 2009		744,955,097		43,760,424
Issue of ordinary fully paid shares	18 Jul 2009	5,000	\$0.01	50
Issue of ordinary fully paid shares	25 Sep 2009	20,000,000	\$0.01	200,000
Less: Issue costs		---	---	(29,167)
Closing balance at 31 December 2009		764,960,097		43,931,307
Contributing Shares				
Movements in contributing shares on issue				
Opening balance at 1 January 2009		2,351,000		2,351
Closing balance at 30 June 2009		2,351,000		2,351
Opening balance at 1 July 2009		2,351,000		2,351
Closing balance at 31 December 2009		2,351,000		2,351
Reserves				
Share Option Reserve				\$
Opening balance at 1 July 2008				319,092
Share based payments				23,736
Closing balance at 31 December 2008				342,828
Share based payments				67,764
Share issue costs				968,386
Closing balance at 30 June 2009				1,378,978
Share based payments				361,139
Closing balance at 31 December 2009				1,740,117

Graeme Sloan, a non executive director was issued 15,000,000 director options on 22 December 2009 with an exercise price of \$0.02. A total of 50% of the director options will vest on 30 November 2010 and 50% will vest on the 30 November 2011.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
For the half year ended 31 December 2009

14. EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date of the Company and the consolidated entity.

DIRECTORS' DECLARATION

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

1. the interim financial statements and notes set out on pages 7 to 19, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; 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
Executive Chairman
Dated at Melbourne this 25th day of February 2010.



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

Report on the financial report

We have reviewed the accompanying interim financial report of Orion Gold NL, which comprises the consolidated statement of financial position as at 31 December 2009, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 14 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Orion Gold NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

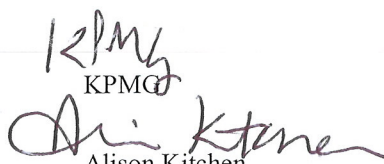
Independence

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

Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


KPMG
Alison Kitchen
Partner

Melbourne

25 February 2010