annual • report • 2013

Orion Gold NL

Contents

Key Points	1
Chairman's Report	2
Review Of Operations	4
Directors' Report	13
Corporate Governance Statement	32
Auditor's Independence Declaration	38
Statement of Comprehensive Income	39
Balance Sheet	40
Statement Of Cash Flows	41
Statement Of Changes In Equity	42
Notes To The Financial Statements	43
Directors' Declaration	81
Independent Auditor's Report	82
ASX Additional Information	84

Key Points

- The Company undertook a restructure of capital and capital raisings which resulted in debt repayment by way of the following sequential actions:
    - an initial private placement that raised approximately $0.14 million;
    - conversion of all convertible notes on issue to shares in the Company;
    - consolidation of the Company's issued capital; and
    - a second private placement that comprised new funds of approximately $3.01 million and the issue of shares to Silja of approximately $1.9 million as a reduction of the amount owed by the Company to Silja.

- Acquisition of Kamax Resources results in Orion holding exploration licences and applications covering a significant area in the Tropicana Gold Belt and Fraser Range Province of Western Australia.
    - Tenements acquired from Kamax gave Orion a landholding of over 931km^2
    - Area includes Peninsula Ni-Cu-PGE Project and Cundeelee Au Project
    - Drill targets being developed for 2013/2014 using geological, geochemical and geophysical methods.
    - Subsequent to the end of the financial year the Company made a further acquisition of tenements (granted and applications) from entities controlled by the Creasy group of companies, increasing the Company's landholding in the Fraser Range to over 3,500km^2.

- Three license applications made in Queensland (Connors Arc Project) between the currently operating Cracow & Mt Carlton mines. The area under application totals 593km^2.
    - Historical drill data strengthens assessment of prospectivity for epithermal gold mineralisation based on pathfinder elements.
    - Project scale target generation underway using ASTER and other available spectral/remote sensing data.

- Four drill programs were undertaken at the Walhalla Gold Project during the year at prospects which have had limited modern exploration, with results advancing the prospectivity of each of the areas. Drilling was undertaken at:
    - Sir John Franklin (RC Drilling testing around historical workings)
    - Holy Terror (RC Drilling testing potential for the Holy Terror Grit to host bulk tonnage deposits)
    - Longfellows (Diamond drilling testing below historical workings)
    - Lily of the Valley (Diamond drilling testing below historical workings)

- The Company recently completed a $4.25 million capital raising by way of a private placement of shares, with one attaching option granted for each share issued.

- Total cash on hand at 30 June 2013 of $1.0 million.

Chairman's Report

Dear Shareholder,

I am pleased to report that during the past year, the Company has made significant progress both corporately and operationally.

Following the successful completion of various capital raisings, conversion of all convertible notes to shares in the Company, consolidation of the Company's issued capital, the acquisition of highly prospective projects and the appointment of Errol Smart as Managing Director & CEO together with other management appointments, the Company is now well funded and very well positioned for exploration success and future growth.

During the year, the Company significantly expanded its activities by acquiring interests in exploration tenements in the Fraser Range Province of Western Australia as well as lodging applications covering a significant area of the Connors Arc in Northern Queensland. The Company continues to explore for gold at the Walhalla Project in Victoria, however a new recognition of prospectivety for PGE rich Polymetals and the concept of a genetic relationship between gold and polymetal mineralisation in this district, has led the Company to a new focus on exploration for PGE rich polymetal, dyke-hosted deposits.

Fraser Range - Gold-Nickel-Copper Project (Western Australia)
During the past year, Orion completed the acquisition of Kamax Resources Limited which resulted in Orion acquiring exploration licences and applications in the Tropicana Gold Belt and Fraser Range Province of Western Australia. The Kamax Fraser Range tenements are located between two world-class discoveries, being the Tropicana Gold Project to the north, owned by Independence Group and AngloGold Ashanti and the Nova Nickel-Copper-Cobalt Project to the south, owned by Sirius Resources. Orion's purchase of all the shares in Kamax was completed on 22 July 2013.

Exploration in the Fraser Range during the year consisted of an extensive review of both the gold and nickel, Cu and PGE potential of the tenements acquired, as well as an airborne EM survey across the Peninsula Nickel-Copper Project. Results from this survey were announced on 15 July 2013 with a number of nickel-copper-PGE targets being identified. These targets are currently being refined by ground-based EM surveys with the Company aiming to define targets for drilling.

On 5 August 2013, the Company announced to the ASX that it had signed a binding term sheet with entities controlled by the Creasy Group to acquire a 70% interest in significant tenements surrounding the Company's Peninsula Project, in the Fraser Range Province of Western Australia. The terms of the binding term sheet were subsequently varied by agreement between the parties, as announced to ASX on 21 August 2013.

Following completion of the Creasy agreement, the Company will hold a 70% interest in seven tenements covering 2,628km^2 of the northern Fraser Range Province which the Company believes are prospective for nickel-copper mineralisation. In addition, historical exploration in the area has identified potential for gold, PGE and chromite mineralisation. The tenements surround the Company's existing Peninsula tenement where recent exploration advances have been achieved.

Connors Arc Epithermal Gold Project (Queensland)
During the year the Company applied for three tenements in the Connors Arc Project, situated north-west of Rockhampton between the currently operating Cracow and Mt Carlton mines. The Company considers the area covered by its EPM applications and the district in general to be highly prospective for epithermal gold deposits.

Board and Executive Management Changes
On 26 November, 2012, the Company announced the appointment of Mr Errol Smart as Managing Director and Chief Executive Officer. Errol's appointment was an integral part of the corporate restructuring and capital raisings referred to above.

Following Mr Smart's appointment and the appointment of Mr Bill Oliver as COO and Mr Martin Bouwmeester as CFO, Mr Graeme Sloan and Mr Chris Roberts both stepped down as non-executive directors of the Company. The Board thanks both Graeme and Chris for their contribution to the Company.

I refer you to the Review of Operations section of this Report for further details on the corporate and project developments referred to above.

On behalf of the Board of Directors, I thank our dedicated and loyal team of employees for the excellent job done during the past year which has resulted in the Corporate and Operational achievements referred to above.

Yours faithfully,

Mr Denis Waddell
Chairman

Review of Operations

During the year, the Company significantly expanded its activities by acquiring interests in exploration tenements in the Fraser Range Province of Western Australia, as well as lodging applications covering a significant area of the Connors Arc in Northern Queensland. The Company continues to explore for gold at the Walhalla Project in Victoria, however a new recognition of prospectivety for PGE rich Polymetals and the concept of a genetic relationship between gold and polymetal mineralisation in this district, has led the Company to a new focus on exploration for PGE rich polymetal, dyke-hosted deposits.

Figure 1: Map of the Company's current project areas within Australia.

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

The Kamax Fraser Range tenements are located between two world-class discoveries, being the Tropicana Gold Project to the north, owned by Independence Group and AngloGold Ashanti and the Nova Nickel-Copper-Cobalt Project to the south, owned by Sirius Resources.

Exploration in the Fraser Range during the year consisted of an extensive review of both the gold and nickel, Cu and PGE potential of the tenements acquired, as well as an airborne EM survey across the Peninsula Nickel-Copper Project. Results from this survey were announced on 15 July 2013 with a number of nickel-copper-PGE targets being identified. These targets are currently being refined by ground-based EM surveys with the Company aiming to define targets for drilling in the current financial year.

Encouraging initial exploration results, together with geological appraisal of the Fraser Range, has led the Company to focus its exploration efforts in this district where major gold and base metal deposits have been discovered over the past decade. The Company is actively pursuing a strategy of increasing its ground holdings in the Fraser Range district.

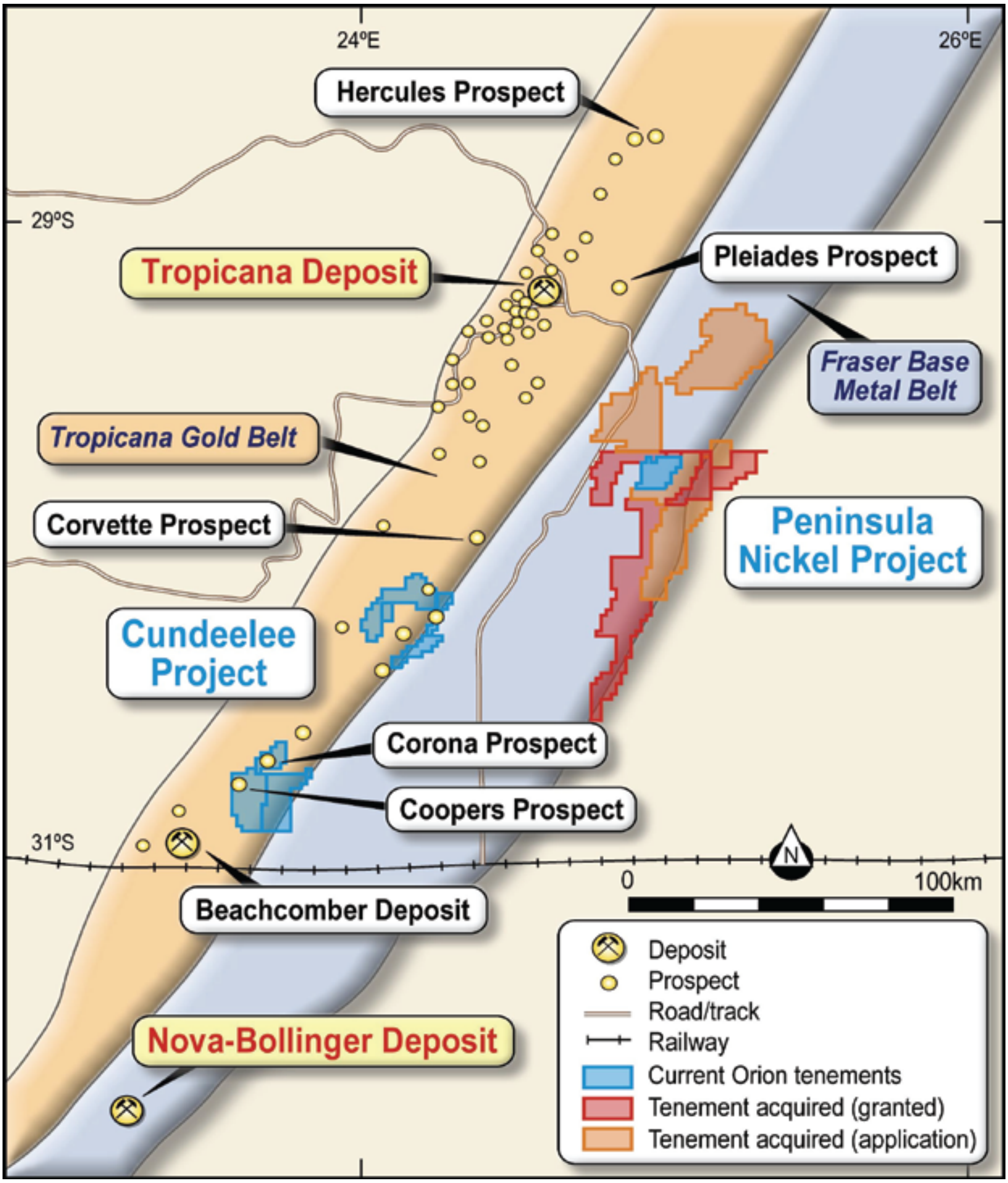

Figure 2: Western Australia tenement holdings (Fraser Range Project), showing the Company's current tenements (acquired in the Kamax transaction), and tenements being acquired in the Creasy transaction (including those currently under application).

Walhalla Gold & Polymetals Project (Victoria)

Following an extensive technical review, the Company's gold exploration in Victoria is now directed towards structural targets evaluated to hold potential for laterally and vertically extensive shear-hosted bodies similar to the Cohen's Reef style of mineralisation (which historically produced approximately 1.5Moz at >1 ounce of gold per tonne). Limited testing of potential bulk mineralisation targets, such as Holy Terror will also be conducted. As a result, the Company informed the Department of Environment and Primary Industries in Victoria during the year that it proposed to reduce its current holdings and progress certain additional applications on ground it now ranks as having superior exploration potential (Figure 3).

Review of Operations

Exploration at Walhalla during the reporting period comprised RC drilling at Sir John Franklin and Holy Terror and diamond drilling at Longfellows and Lily of the Valley. Assays from this drilling were released during the reporting period and summarised in the Quarterly Activities Reports for March 2013 and June 2013. The results from the drilling at Longfellows and Lily of the Valley represent a significant advance in the understanding of these prospects and work continues to incorporate them with other geological information to define future drill targets.

Figure 3: Victorian tenement holdings (note EL5348 & EL5340 granted June 2013)

The Company's attributable JORC Resources at the Walhalla Project comprise 440,000 ounces of gold in the Indicated and Inferred categories (detailed in Table 1). The Company is currently undertaking work programs to update these Mineral Resources to comply with the new 2012 JORC guidelines, which may result in changes to these Mineral Resources.

Orion Gold NL – In situ Mineral Resources											
Deposit	**Cut-off Au g/t**	**Measured**		**Indicated**		**Inferred**		**Total**		
		Tonnes	**Au g/t**	**Tonnes**	**Au g/t**	**Tonnes**	**Au g/t**	**Tonnes**	**Au g/t**	**Ounces Au**
Tubal Cain	4	---	---	177,000	7.7	680,000	10.5	857,000	9.9	273,400
Eureka	4	---	---	36,000	13.9	117,000	8.8	153,000	9.9	49,200
Cohen's	3	80,000	5.4	388,000	5.1	210,000	6.1	678,000	5.5	119,100
Total		**80,000**	**5.4**	**601,000**	**6.4**	**1,007,000**	**9.4**	**1,688,000**	**8.1**	**441,800**

Table 1: In situ Mineral Resources

Notes:

1. Tonnes are rounded to the nearest 000, grade is rounded to the nearest 0.1, the ounces Au rounded to the nearest 100
2. The cut-off grades for Tubal Cain and Eureka are set at values required to report only that part of the total in situ Mineral Resource which it is believed has potential to be mined economically by underground methods suitable for narrow vein deposits
3. The cut-off grade for the Cohen's Deposit (previously referred to as the Cohen's Stockwork Deposit) is set so as to report only that part of the Mineral Resource which it is believed have potential to be mined economically by underground bulk mining methods
4. These Mineral Resources are exclusive of areas of these deposits which are known to have been previously mined.
5. The Mineral Resources have been classified into Measured, Indicated and Inferred categories in accordance with JORC 1999 and 2004 guidelines based variably on the assessment of geological continuity, grade continuity, drill data density and grade estimation error.

A new understanding of the relationship between the polymetal and gold mineralisation in the Walhalla-Woods Point district, as well as a model with mineralisation related to magmatic processes, has led the Company to a new focus at the Walhalla Project to explore for PGE rich polymetal, dyke-hosted deposits. Both the gold and polymetallic mineralisation are commonly hosted by dykes from the Woods Point Dyke Swarm (WPDS), a series of ultramafic to felsic dykes occurring over a 75km long north-south belt which are now interpreted to be the "plumbing" for a magmatic system of significant scale. The same studies have also developed a co-genetic model for the gold and the "polymetal" mineralisation. Gold is believed to be remobilised from the primary magmatic source to be deposited in shears both within and outside of dyke bodies in this district. Five key Cu-Ni-PGE occurrences are known within the WDPS and three of these lie with Orion's tenement package. Despite these occurrences being known, sampled and, in the case of Coopers Creek, previously mined for copper, there has been only sporadic exploration for polymetallic deposits (mostly in the 1970's & 1980's). The most notable result was returned in historical drillhole CC003, which is tabulated in Table 2 below. Orion plans to carry out drilling to test for possible extensions to the high grade mineralisation in CC003.

Review of Operations

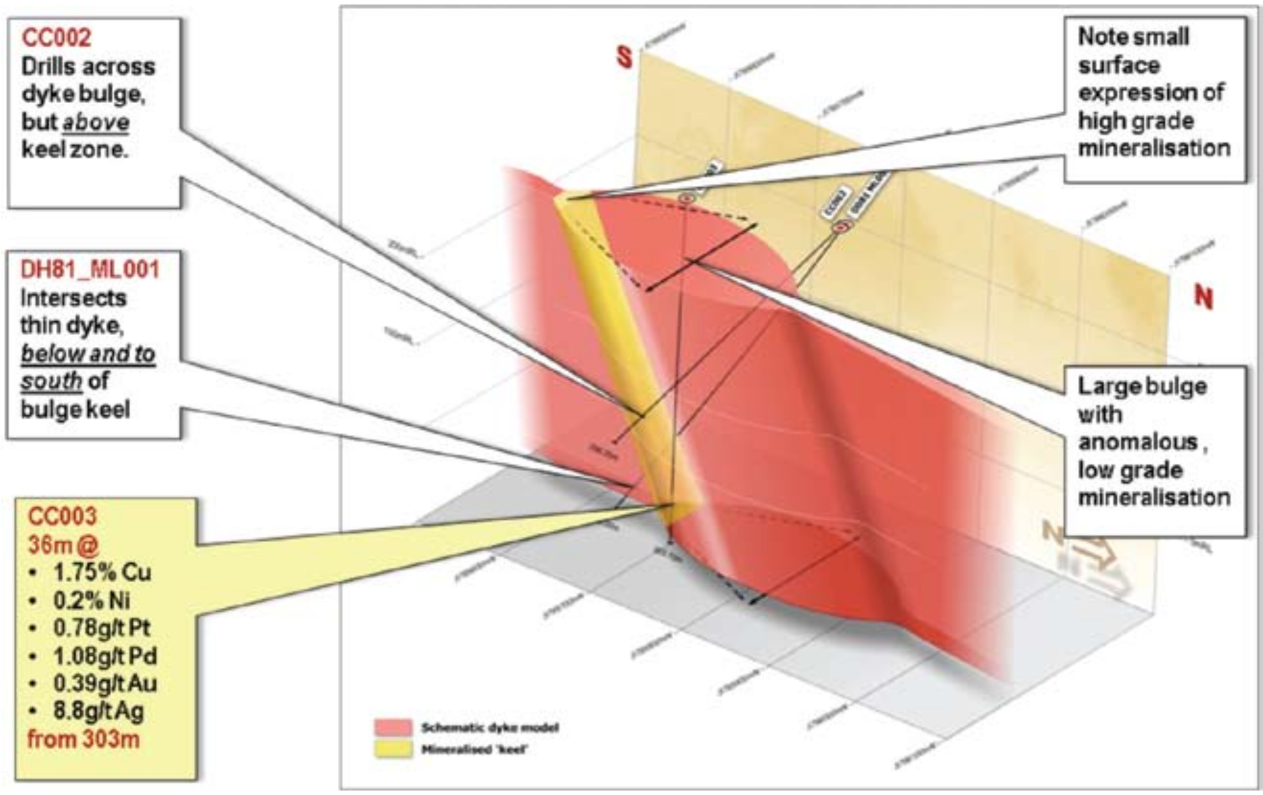

Figure 4: Schematic 3D isometric diagram showing historical drilling at the Coopers Creek Prospect as well as the interpreted morphology of the host dyke and the mineralisation ("keel").

		Over 36 Meters				Over 3.5 Meters			
	Price	Grade	US$ value/tonne	Au equivalent	Cu equivalent	Grade	US$ value/tonne	Au equivalent	Cu equivalent
Au	$1,250	0.39g/t	15.67	0.39g/t	0.23%	1.3g/t	52.25	1.30g/t	0.75%
Pt	$1,350	0.78g/t	33.86	0.84g/t	0.49%	1.16g/t	50.35	1.25g/t	0.73%
Pd	$683	1.08g/t	23.72	0.59g/t	0.34%	1.64g/t	36.01	0.90g/t	0.52%
Ag	$19.63	8.6g/t	5.43	0.14g/t	0.08%	14.4g/t	9.09	0.23g/t	0.13%
Cu	$6,922	1.75%	121.14	3.01g/t	1.75%	3.23%	223.58	5.56g/t	3.23%
Ni	$13,805	0.20%	27.61	0.69g/t	0.40%	0.53%	73.17	1.82g/t	1.06%
Total			$227.42	5.66g/t	3.29%		$444.44	11.06g/t	6.42%

Table 2: Metal equivalent grade calculations for drill hole CC003 (Coopers Creek), drilled by Ausplat Minerals/Golden Shamrock, 1988

Note: Orion has considered the in-situ grades reported in the context of the current metal prices as reported by Kitco.com and the London Metal Exchange on 3 July 2013. The gangue and ore mineral assemblage as reported for the intersection is typical of PGE ores commonly mined in Southern Africa where >90% of world PGE production takes place. The metals and minerals identified are conventionally recoverable to a sulphide concentrate with standard metallurgical practices and a reasonable expectation of recovering >70% of each of the ore minerals. The concentrates produced can be expected to have composition typical of those commonly purchased and/or toll treated by base metal + PGE refineries in South Africa and Canada. The Competent Person is thus of the opinion that the metal equivalent estimate is a reasonable approach as an initial indication of economic merit of the mineral occurrence. The metal equivalence is stated as gold equivalence for Orion, which is a gold exploration and development company and has reported JORC compliant gold resources on the same tenement. Copper equivalence is also stated since copper is the metal contributing most economic value in the intersection.

Connors Arc Epithermal Gold Project (Queensland)

During the year, the Company applied for three tenements covering 593km^2 in the Connors Arc Project, situated north-west of Rockhampton between the currently operating Cracow & Mt Carlton mines (Figure 5). The Project is situated along strike to the north of a tenement containing the Mount Mackenzie project (not held by Orion). The Mount Mackenzie project is known to include both low and high sulfidation epithermal style gold mineralisation. Consequently, Orion considers the area covered by its EPM applications and the district in general to be highly prospective for epithermal gold deposits.

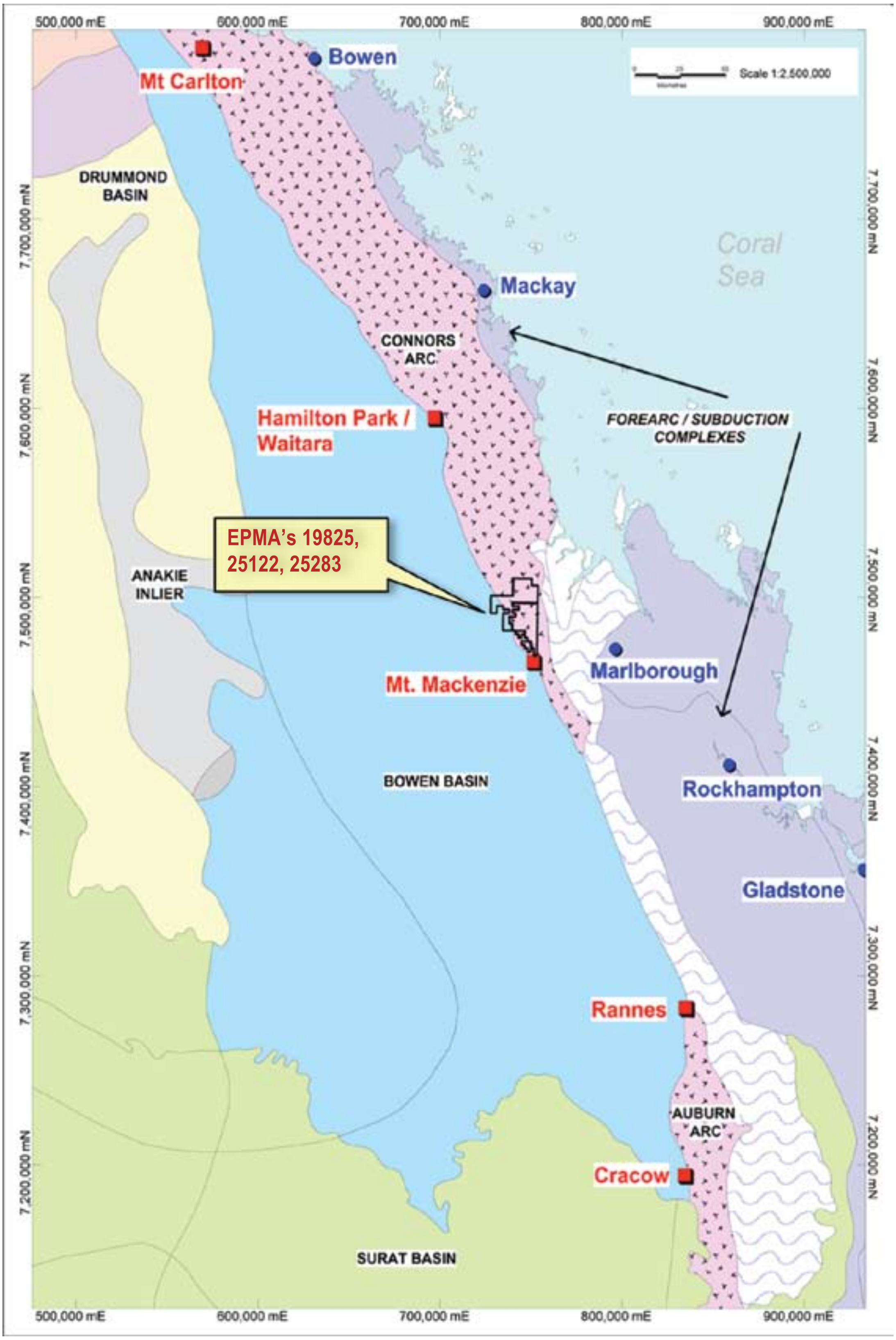

Figure 5: Location map showing the Company's tenement applications comprising the Connors Arc Project, as well as regional geology and the Cracow and Mt Carlton Deposits.

Orion's Connors Arc project area incorporates prospects specifically interpreted as low sulphidation epithermal style systems. These represent attractive gold exploration targets on the basis that they are located within a geological and structural setting very similar to other significant epithermal gold systems in

Queensland. Notable features include close proximity to the eastern margin of the Bowen Basin and prospective, Permo-Carboniferous aged volcanic and intrusive lithologies. In addition:

- Key prospects are spatially associated with a large, magmatic hydrothermal system (Mt Mackenzie);
- This hydrothermal system is located within a geological and structural setting which is very similar to other significant epithermal gold systems in Queensland such as Cracow and Mt Carlton and is of the same broad age (Permo-Carboniferous) as many other intrusion-related gold systems in Queensland; and
- Geological and geochemical characteristics suggest that some prospects may be shallowly eroded, implying potential for higher gold grades at depth.

The release of data from previous exploration on this area subsequent to the end of the reporting period (as part of the relinquishment process) has significantly advanced the assessment of potential of the project. The Company has been able to review multi element geochemical data from historic surface sampling and drilling. This work has enabled the prospects within the Connors Arc Project to be placed more accurately in the context of current models for epithermal deposits and specifically the zonation of metals which occur in these deposits.

The key finding is that high priority prospects within Orion's project area display geochemistry and geology consistent with a shallow level in an epithermal system. This means that there is significant potential for stronger gold mineralisation to occur below the existing shallow drilling.

The Company is awaiting grant of its exploration licences to allow it to commence exploration activities in the area.

Competent Persons

The information in this report that relates to Exploration Results and other technical information about the Fraser Range Projects complies with the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code") and is based on information compiled by Mr Bill Oliver, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Oliver is the Chief Operating Officer of Orion Gold NL and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). Mr Oliver consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report which relates to Exploration Results and other technical information about the Walhalla Project complies with the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code") and is based on information compiled by Dr Jim Anderson who is a Member of the AusIMM CP (GEO). Dr Anderson is a full-time employee of Orion Gold NL and has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). Dr Anderson consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report which relates to Exploration Results and other technical information about the Connors Arc Project complies with the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code") and is based on information compiled by Mr Ben Spence (B.AppSc), who is a Member of the Australian Institute of Geoscientists. Mr Spence is a full-time employee of Orion Gold NL and has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). Mr Spence consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Exploration Results, Exploration Targets and other technical information in this report relating to the Walhalla Polymetals Project complies with the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code") and has been compiled and assessed under the supervision of Mr Errol Smart, Orion Gold NL's Managing Director, from historical records and field investigation. Mr Smart (PrSciNat) is registered with the South African Council for Natural Scientific Professionals, a ROPO for JORC purposes and has experience in the identification and exploration of mineralisation of this style. Mr Smart consents to the public release of the information in the context contained within this release as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). Mr Smart consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Corporate

The Company recorded a loss of $8,515,184 after tax for the full-year ended 30 June 2013. This compares to a profit of $2,516,668 after tax for the previous year. Net cash used in operating activities totalled $2,715,738 million for the year. Cash on hand at the end of the year was $1,027,779.

The Company continues to focus strongly on exploration within its new Fraser Range - Gold-Nickel-Copper Project (Western Australia), its Walhalla Gold and Polymetals Project (Victoria) and Connors Arc Epithermal Gold Project (Queensland). A total of $1,758,604 in exploration expenditure was incurred in the year ended 30 June 2013.

On 12 October 2012, the Company announced its intention to undertake a restructure of its capital and debt position, including capital raisings, by way of the following sequential actions:

- an initial private placement to raise $143,425;
- conversion of all convertible notes on issue to shares in the Company;
- consolidation of the Company's issued capital; and
- a second private placement comprising:
  - new funds of approximately $4,520,772; and
  - issue of shares to Silja Investment Ltd ('Silja') of up to $1,879,228 as a reduction of the amount owed by the Company to Silja.

First Placement
On 24 October 2012, the Company announced that it had completed the initial private placement and issued 57,370,000 (1,434,250 post consolidation) fully paid ordinary shares in the Company at $0.0025 per share ($0.10 post consolidation), with one option (exercisable at $0.005 ($0.20 post consolidation) at any time until 31 March 2014) attached to each share, to raise $143,425.

Conversion of the Convertible Notes
On 19 December 2012, the Company announced that it had received commitments from investors to subscribe for a minimum of $3,000,000 as part of the second private placement. As agreed with Silja, on 19 December 2012, the Company converted all of the convertible notes held by Silja and applicable interest on the convertible notes (as if the convertible notes were held through to the maturity date) at a conversion rate of $0.0042 (pre-consolidation) into 52,211,046 (2,088,441,838 pre-consolidation) fully paid ordinary shares.

Consolidation of Issued Capital
Following shareholder approval at the Company's Annual General Meeting held on 23 November 2012, on 21 December 2012, the Company's securities commenced trading on consolidated basis (1 for 40 share consolidation).

Repayment of Silja Loan
Following the Company's share consolidation, on 21 December 2012, the Company issued Silja 18,792,278 fully paid ordinary shares resulting from Silja's election to subscribe for their full Capital Raising Allocation as described in the Company's Notice of Annual General Meeting dated 22 October 2012. Silja was issued 18,792,278 shares at $0.10 per share, with one option (exercisable at $0.20 at any time until 31 March 2014) attached to each share, thereby reducing the amount of a loan owed by the Company to Silja by $1,879,228.

Second Placement
The Company completed a second private placement of shares and attaching options and issued 30,150,000 shares at $0.10 per share, with one option (exercisable at $0.20 at any time until 31 March 2014) attached to each share, to raise $3,015,000 and issue issued shares and attaching options as repayment of the Silja loan as referred to above.

Shares in Lieu of Directors' Fees
On 21 December 2012, the Company issued 2,937,782 shares to Directors of the Company in lieu of directors' fees owing to them by the Company (as approved at the Company's Annual General Meeting on 23 November 2012).

Share Purchase Plan
The Company announced on 29 January 2013 an offer to shareholders of shares under a share purchase plan ('SPP') and for those shareholders who participate in the SPP to also be offered one attaching option for each share issued under the SPP. The SPP offer closed on 1 March 2013.

On 8 March 2013, the Company issued 2,810,000 fully paid ordinary shares in the Company at $0.10 per share, with one option (exercisable at $0.20 at any time until 31 March 2014) attached to each share to raise a further $281,000, resulting from a receipt of funds from SPP participants.

Review of Operations

Board and Executive Management Changes
On 26 November 2012, the Company announced the appointment of Mr Errol Smart as Managing Director and Chief Executive Officer. Errol's appointment was an integral part of the corporate restructuring and capital raisings referred to above.

Following Mr Smart's appointment and the appointment of Mr Bill Oliver as COO and Mr Martin Bouwmeester as CFO, Mr Graeme Sloan and Mr Chris Roberts both stepped down as non-executive directors of the Company.

Kamax Resources Limited
The Company announced on 22 March 2013 that it had entered into a binding heads of agreement to facilitate the acquisition of all of the securities in an unlisted company, Kamax Resources Limited . The agreement will result in the Company acquiring exploration licences covering more than 913km^2 in the Tropicana Belt and Fraser Range Province of Western Australia.

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

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

Some of the shares issued to Kamax security holders are subject to a voluntary escrow period.

The Company continues to review its strategic growth plans and is reviewing opportunities to increase its holdings in high quality metal exploration targets. Orion currently has a diversified portfolio of exploration projects including gold, nickel, copper, PGE and silver. Projects affording the company access to properties with high grade occurrences of more than one of these metals are favored, allowing the company to leverage off its growing geological intellectual property related to this style of mineralisation.

Directors' Report

Your directors submit their report for the year ended 30 June 2013.

BOARD OF DIRECTORS

The names of the directors of Orion Gold NL ("Company") in office at any time during or since the end of the financial year:

Mr Denis Waddell	-	Non-executive Chairman	Appointed 27 February 2009
Mr Errol Smart	-	Managing Director/CEO	Appointed 26 November 2012
Mr Alexander Haller	-	Non-executive director	Appointed 27 February 2009
Mr Graeme Sloan	-	Non-executive director	Appointed 23 July 2008 Resigned 3 April 2013
Mr Chris Roberts	-	Non-executive director	Appointed 7 September 2011 Resigned 3 April 2013

The experience, qualification, special responsibilities and other directorships of the directors are as follows.

Name	Experience, qualifications, special responsibilities and other directorships
Mr Denis Waddell Non-executive Chairman (Appointed 27 February 2009)	Mr Waddell is a Chartered Accountant with extensive experience in the management of exploration and mining companies. Prior to establishing Tanami Gold NL in 1994, Denis was the Finance Director of the Metana Minerals NL group. During the past 30 years, Mr Waddell has gained considerable experience in corporate finance and operations management of exploration and mining companies. **Qualifications** ACA, FAICD **Directorships in the past three years** Tanami Gold NL
Mr Errol Smart Managing Director/ CEO (Appointed 26 November 2012)	Mr Smart is a geologist, registered with the South African Council of Natural Scientific Professionals, a Recognised Overseas Professional Organisation for JORC purposes. Errol has more than 24 years of industry experience across all aspects of exploration, mine development and operation with experience in precious and base metals, with a key focus on gold and in particular, shear hosted underground operations similar to historic mines located within the Walhalla Goldfield. Errol has a wealth of public and private company corporate experience and has been on the founding teams and managed a number of exploration and mining companies throughout Africa and has had strong exposure to Australian projects. Errol has held positions in Anglogold, Cluff Mining, Metallon Gold, Clarity Minerals and LionGold Corporation. In his role at LionGold, Errol was responsible for project acquisition and growth of the company, which saw it become the first gold mining company to be listed on the main board of the Singapore Stock Exchange **Qualifications** BSc(hons) Geology (University of Witwatersrand) NHD Economic Geology (Technikon Witwatersrand)

Directors' Report (continued)

Mr Alexander Haller Non-executive Director (Appointed 27 February 2009)	Mr Haller is a partner of Zachary Capital Management, providing advisory services to a number of private investment companies, including Silja Investment Ltd, focusing on the principal investment activities for these companies. From 2001 to 2007 Mr Haller worked in the corporate finance division at JPMorgan in the U.S, advising on corporate mergers and acquisitions as well as financing in both the equity and debt capital markets. **Qualifications** B.Sc. (Economics)
Mr Graeme Sloan Non-executive Director (Resigned 3 April 2013)	Mr Sloan is a Mining Engineer and is currently the Managing Director of Herencia Resources PLC, a multi-commodity development company listed on the Alternative Investment Market ('AIM') of the London Stock Exchange with a primary focus on developing its Paguanta Project in northern Chile. Mr Sloan is currently a Non-Executive Director of ABM Resources NL and was the former Managing Director/CEO of Tanami Gold NL between 2008 and 2011 and Managing Director/CEO of Victorian gold producer Perseverance Corporation Limited between 2002 and 2007. Mr Sloan has previously held a diverse range of senior national and international executive positions and has a strong operational and corporate background. **Qualifications** B.App Sc. (Min Eng) Diploma in Mine Surveying MAusIMM **Directorships in the past three years** Tanami Gold NL ABM Resources NL
Mr Chris Roberts Non-executive Director (Resigned 3 April 2013)	Mr Roberts is a Geologist with over 35 years' experience in mineral exploration throughout Australia. Initially Mr Roberts worked with BHP and subsequently held senior positions with a number of other mining and exploration companies. Mr Roberts was a Non-executive Director of Perseverance Corporation Limited until February 2008 following the acquisition of Perseverance by Canadian based Northgate Minerals Corporation. Prior to becoming a Non-executive Director of Perseverance, Mr Roberts served as Chief Geologist and later Exploration and Development Director of Perseverance and is credited with the early significant exploration successes at that company and its Fosterville Mine in Victoria. Mr Roberts was also a Non-executive Director of Sedimentary Holdings Ltd, during the period of the initial exploration success of the Cracow Gold Project in Central Queensland. **Qualifications** Associate RMIT - Geology Fellow RMIT - Geology Member of Australasian Institute of Mining and Metallurgy Member of Australian Institute of Geoscientists Member of Joint Ore Reserves Committee **Directorships in the past three years** Plentex Limited Republic Gold Limited

DIRECTORS COMMITTEE MEMBERSHIPS

	Audit	Technical
Mr Denis Waddell	Chairman	Member
Mr Errol Smart	-	Chairman
Mr Alexander Haller	Member	Member

Directors' Report (continued)

COMPANY SECRETARY

The name and details of the Company secretary in office during the financial year and until the date of this report is as follows:

Name	Experience, qualifications, and special responsibilities
Mr Martin Bouwmeester *Company Secretary (Appointed 23 September 2009)*	Mr Bouwmeester has 17 years' experience in the mining industry and was Business Development Manager, Chief Financial Officer and Company Secretary of Perseverance Corporation Limited. Mr Bouwmeester was a key member of the team that evaluated the sulphide mineralisation at the Fosterville Gold Mine; an initiative that led to the discovery and definition of more than 3 million ounces of gold and the funding for the development of the mine and processing plant to exploit those resources. **Qualifications** Bachelor of Business CPA

CORPORATE STRUCTURE

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

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the exploration and evaluation of the Walhalla Gold Project in Victoria. The Group also has exploration interests in Western Australia and Queensland. There were no significant changes in the nature of the Group's principal activities during the year.

OPERATING AND FINANCIAL REVIEW

Operations

During the year the Company significantly expanded its activities by acquiring interests in exploration tenements in the Fraser Range Province of Western Australia as well as lodging applications covering a significant area of the Connors Arc in Northern Queensland. The Company continues to explore for gold at the Walhalla Project in Victoria, however a new recognition of prospectivety for PGE rich Polymetals and the concept of a genetic relationship between gold and polymetal mineralisation in this district, has lead the Company to a new focus on exploration for PGE rich polymetal, dyke-hosted deposits.

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

The Kamax Fraser Range tenements are located between two world-class discoveries, being the Tropicana Gold Project to the north, owned by Independence Group and AngloGold Ashanti and the Nova Nickel-Copper-Cobalt Project to the south, owned by Sirius Resources.

Exploration in the Fraser Range during the year consisted of an extensive review of both the gold and nickel, Cu, PGE potential of the tenements acquired, as well as an airborne EM survey across the Peninsula Nickel-Copper Project. Results from this survey were announced on 15 July 2013 with a number of nickel-copper-PGE targets being identified. These targets are currently being refined by ground-based EM surveys with the Company aiming to define targets for drilling in the coming financial year.

Encouraging initial exploration results, together with geological appraisal of the Fraser Range, has led the Company to focus its exploration efforts in this district where major gold and base metal deposits have been discovered over the past decade. The Company is actively pursuing a strategy of increasing its ground holdings in the Fraser Range district.

Directors' Report (continued)

Walhalla Gold & Polymetals Project (Victoria)

Following an extensive technical review, the Company's gold exploration in Victoria is now directed towards structural targets evaluated to hold potential for laterally and vertically extensive shear-hosted bodies similar to the Cohen's Reef style of mineralisation (which historically produced approximately 1.5Moz at >1 ounce of gold per tonne). Limited testing of potential bulk mineralisation targets, such as Holy Terror will also be conducted. As a result, the Company informed the Department of Environment and Primary Industries in Victoria during the year that it proposed to reduce its current holdings and progress certain additional applications on ground it now ranks as having superior exploration potential.

Exploration at Walhalla during the reporting period comprised RC drilling at Sir John Franklin and Holy Terror and diamond drilling at Longfellows and Lily of the Valley. Assays from this drilling were released during the reporting period and summarised in the Quarterly Activities Reports for March 2013 and June 2013. The results from the drilling at Longfellows and Lily of the Valley represent a significant advance in the understanding of these prospects and work continues to incorporate them with other geological information to define future drill targets.

A new understanding of the relationship between the polymetal and gold mineralisation in the Walhalla-Woods Point district, as well as a model with mineralisation related to magmatic processes, has lead the Company to a new focus at the Walhalla Project on exploration for PGE rich polymetal, dyke-hosted deposits. Both the gold and polymetallic mineralisation are commonly hosted by dykes from the Woods Point Dyke Swarm (WPDS), a series of ultramafic to felsic dykes occurring over a 75km long north-south belt which are now interpreted to be the "plumbing" for a magmatic system of significant scale. The same studies have also developed a co-genetic model for the gold and the "polymetal" mineralisation. Gold is believed to be remobilised from the primary magmatic source to be deposited in shears both within and outside of dyke bodies in this district. Five key Cu-Ni-PGE occurrences are known within the WDPS and three of these lie with Orion's tenement package. Despite these occurrences being known, sampled and, in the case of Coopers Creek, previously mined for copper, there has only been sporadic exploration for polymetallic deposits (mostly in the 1970's & 1980's).

Connors Arc Epithermal Gold Project (Queensland)

During the year the Company applied for three tenements in the Connors Arc Project, situated north-west of Rockhampton between the currently operating Cracow and Mt Carlton mines. The Project is situated along strike to the north of a tenement containing the Mount Mackenzie project (not held by Orion). The Mount Mackenzie project is known to include both low and high sulfidation epithermal style gold mineralisation. Consequently, the Company considers the area covered by its EPM applications and the district in general to be highly prospective for epithermal gold deposits.

Orion's Connors Arc project area incorporates prospects specifically interpreted as low sulphidation epithermal style systems. These represent attractive gold exploration targets on the basis that they are located within a geological and structural setting very similar to other significant epithermal gold systems in Queensland. Notable features include close proximity to the eastern margin of the Bowen Basin and prospective, Permo-Carboniferous aged volcanic and intrusive lithologies. In addition:

- Key prospects are spatially associated with a large, magmatic hydrothermal system (Mt Mackenzie);
- This hydrothermal system is located within a geological and structural setting which is very similar to other significant epithermal gold systems in Queensland such as Cracow and Mt Carlton and is of the same broad age (Permo-Carboniferous) as many other intrusion-related gold systems in Queensland; and
- Geological and geochemical characteristics suggest that some prospects may be shallowly eroded, implying potential for higher gold grades at depth.

The release of data from previous exploration on this area subsequent to the end of the reporting period (as part of the relinquishment process) has significantly advanced the assessment of potential of the project. The Company has been able to review multi element geochemical data from historic surface sampling and drilling. This work has enabled the prospects within the Connors Arc Project to be placed more accurately in the context of current models for epithermal deposits and specifically the zonation of metals which occur in these deposits.

Directors' Report (continued)

The key finding is that high priority prospects within the Company's project area display geochemistry and geology consistent with a shallow level in an epithermal system. This means that there is significant potential for stronger gold mineralisation to occur below the existing shallow drilling.

The Company is awaiting grant of its exploration licences to allow it to commence exploration activities in the area.

Corporate
On 12 October 2012, the Company announced its intention to undertake a restructure of its capital and debt position, including capital raisings, by way of the following sequential actions:

- an initial private placement to raise $143,425;
- conversion of all convertible notes on issue to shares in the Company;
- consolidation of the Company's issued capital; and
- a second private placement comprising:
  - new funds of approximately $4,520,772; and
  - issue of shares to Silja Investment Ltd ('Silja') of up to $1,879,228 as a reduction of the amount owed by the Company to Silja.

First Placement
On 24 October 2012, the Company announced that it had completed the initial private placement and issued 57,370,000 (1,434,250 post consolidation) fully paid ordinary shares in the Company at $0.0025 per share ($0.10 post consolidation), with one option (exercisable at $0.005 ($0.20 post consolidation) at any time until 31 March 2014) attached to each share, to raise $143,425.

Conversion of the Convertible Notes
On 19 December 2012, the Company announced that it had received commitments from investors to subscribe for a minimum of $3,000,000 as part of the second private placement. As agreed with Silja, on 19 December 2012, the Company converted all of the convertible notes held by Silja and applicable interest on the convertible notes (as if the convertible notes were held through to the maturity date) at a conversion rate of $0.0042 (pre-consolidation) into 52,211,046 (2,088,441,838 pre-consolidation) fully paid ordinary shares.

Consolidation of Issued Capital
Following shareholder approval at the Company's Annual General Meeting held on 23 November 2012, on 21 December 2012, the Company's securities commenced trading on consolidated basis (1 for 40 share consolidation).

Repayment of Silja Loan
Following the Company's share consolidation, on 21 December 2012, the Company issued Silja 18,792,278 fully paid ordinary shares resulting from Silja's election to subscribe for its full Capital Raising Allocation as described in the Company's Notice of Annual General Meeting dated 22 October 2012. Silja was issued 18,792,278 shares at $0.10 per share, with one option (exercisable at $0.20 at any time until 31 March 2014) attached to each share, thereby reducing the amount of a loan owed by the Company to Silja by $1,879,228.

Second Placement
The Company completed a second private placement of shares and attaching options and issued 30,150,000 shares at $0.10 per share, with one option (exercisable at $0.20 at any time until 31 March 2014) attached to each share, to raise $3,015,000 and issue issued shares and attaching options as repayment of the Silja loan as referred to above.

Shares in Lieu of Directors' Fees
On 21 December 2012, the Company issued 2,937,782 shares to Directors of the Company in lieu of directors' fees owing to them by the Company (as approved at the Company's Annual General Meeting on 23 November 2012).

Share Purchase Plan
The Company announced on 29 January 2013 an offer to shareholders of shares under a share purchase plan ('SPP') and for those shareholders who participate in the SPP to also be offered one attaching option for each share issued under the SPP. The SPP offer closed on 1 March 2013.

Directors' Report (continued)

On 8 March 2013, the Company issued 2,810,000 fully paid ordinary shares in the Company at $0.10 per share, with one option (exercisable at $0.20 at any time until 31 March 2014) attached to each share to raise a further $281,000, resulting from a receipt of funds from SPP participants.

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

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

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

Some of the shares issued to Kamax security holders are subject to a voluntary escrow period.

Results of operations - the Group
The Group recorded a loss of $8,515,184 after tax for the full-year ended 30 June 2013. This compares to a profit of $2,516,668 after tax for the previous year. The result is driven primarily by the revaluation of the convertible note. Net cash used in operating activities totalled $2,715,738 for the year. Cash on hand at the end of the year was $1,027,779.

The Group continues to focus strongly on exploration within its new Fraser Range - Gold-Nickel-Copper Project (Western Australia), its Walhalla Gold and Polymetals Project (Victoria) and Connors Arc Epithermal Gold Project (Queensland). A total of $1,758,604 in exploration expenditure was incurred in the year ended 30 June 2013. The Group undertook a review of the carrying value of each exploration area of interest. As a result, the carrying value of deferred exploration, evaluation and development expenditure was written down by $76,677 due 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.

The basic loss per share for the Group for the year was ($11.88) and diluted loss per share for the Group for the year was ($11.88) (2012: earnings per share $13.16 and diluted earnings per share $9.38).

No dividend has been paid during or is recommended for the financial year ended 30 June 2013.

Business Strategies
The Company will continue to focus on exploration within its new Fraser Range - Gold-Nickel-Copper Project (Western Australia), its Walhalla Gold and Polymetals Project (Victoria) and Connors Arc Epithermal Gold Project (Queensland).

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

Directors' Report (continued)

Risks to the Business

Risks to the business are rated on the basis of their potential impact on the Group as a whole after taking into account current mitigating actions. Investors should be aware that the below list is not an exhaustive list and that there are a number of other risks associated with an investment in the Company. The Group regularly reviews the possible impact of these risks and seeks to minimise their impact through its internal controls, risk management policy, and corporate governance. The following describes the principal risks and uncertainties that could materially impact the Group:

- Each of the Group's key exploration targets remain in the exploration phase. Future exploration programs require substantial levels of expenditure to ensure that Group's tenements are held in good standing. The Group is currently reliant on the capital and debt markets to fund its ongoing operations and therefore any unforeseeable events in these markets may impact the Group's ability to finance its future exploration projects;
- Interests in tenements held by the Group are governed by Federal and State legislation and are evidenced by the granting of mining or exploration licences. These licences are subject to periodic review and compliance, including the relinquishment of certain areas. As a result, there is no guarantee that these areas of interest will be renewed in the future or if there will be sufficient funds available to meet the attaching minimum expenditure commitments when they arise;
- There are inherent uncertainties in estimating reserve and resource estimates as it requires significant subjective judgements and determinations based on the available geological, technical, and economic information. Estimates and assumptions that were previously valid may change significantly when new information or techniques become available and therefore may require restatement; and
- The State government regulations in the various states which the Group operates require rehabilitation of drill sites including any other sites where the Group has caused surface and ground disturbance. To date drilling in a particular area of interest is complete or not active for an extended period of time due to other drilling project priorities. The Group's intention is to conduct its activities to the highest level of environmental obligations, however there are certain risks inherent in the Group's activities which could subject the Group to future liabilities.

SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years except for those matters referred to below:

- On 22 July 2013, the Company announced that all conditions precedent to the completion of the Kamax acquisition had been met to the satisfaction of the Company. As a result, on 22 July 2013 the Company issued Kamax's security holders a total of 12,040,086 fully paid ordinary shares in the Company and 12,040,086 unlisted options in the Company (exercisable at 20 cents at any time until 30 April 2014). As part of the transaction, Mr Bill Oliver (the Company's Chief Operating Officer) acquired 3,096,086 shares and 3,096,086 options in the Company.

  Kamax Resources Limited became a wholly-owned subsidiary member of the Orion Gold NL tax consolidated group with effect from 22 July 2013. The tax implications of this joining event had not been determined at the date of this report.

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

  - the Facility limit is $2,000,000;
  - the Facility expiry date has been extended to 31 December 2013;

Directors' Report (continued)

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

- No capital raising fee would be payable by the Company to Silja where it subscribes for its share allocation in a capital raising; and

- Cash drawn down under the Facility and repaid may be redrawn by the Company.

Otherwise, the terms of the Facility remain substantially unchanged.

No facility fee is payable by the Company to Silja. Silja has a fixed and floating charge over the assets of the Company.

Interest is capitalised under the Facility at a margin of 1.5% over the 90-day dealers' bill rate (re-set every 90 days). In order to draw on the Facility, the Company must meet certain conditions precedent including the continued employment of key personnel.

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

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

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

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

  The Company will acquire a 70% interest in seven tenements covering 2,628km^2 of the northern Fraser Range Belt which the Company believes are prospective for nickel-copper mineralisation. In addition, historical exploration in the area has identified potential for gold, PGE and chromite mineralisation. The tenements surround the Company's existing Peninsula tenement where recent exploration advances have been achieved.

  Key terms of the Term Sheet are set out below:

  - Subject to the conditions below, the Creasy Group will be issued a total of 15,800,000 fully paid ordinary shares ('Consideration Shares') and 23,000,000 unlisted options in the Company, on the following terms:

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

    The Consideration Shares will be subject to a 12-month voluntary escrow period from their date of issue;

  - The Creasy Group will retain of a 30% free-carried interest in the projects up to the completion of any bankable feasibility studies;

Directors' Report (continued)

- The Acquisition is subject to:
  - due diligence to be conducted by the Company;
  - all necessary waivers and consents under any third party agreements including, but not limited to, heritage agreements or native title consents being obtained;
  - finalisation of a tenement sale and purchase/joint venture agreement (to be executed on or before 31 October 2013);
  - The Company raising a minimum of $4,000,000 at a minimum issue price of 10 cents per share ('Capital Raising'); and
  - the issues of shares and options to the Creasy Group and pursuant to the Capital Raising being approved by the Company's shareholders.

- Completion of the Acquisition will occur by no later than 31 January 2014, failing which the parties will be released from their obligations under the Term Sheet.

As at the date of this report the Company has at a general meeting of its shareholders held on 26 September 2013, obtained approval for the issue of the Consideration Shares and for the Capital Raising, is continuing its due diligence related to the Acquisition and expects to finalise the tenement sale and purchase/joint venture agreement shortly. The Company is planning work programs to be initiated on the tenements following completion of the Acquisition.

- The Company announced on 21 August 2013, that it is raising funds through a capital raising. On 28 August 2013, the Company completed the first stage of the capital raising by issuing 17,440,000 ordinary shares at 10 cents per share pursuant to a placement to raise $1,744,000 ('Placement 1'). The second phase of the capital raising ('Placement 2') involves a further placement of up to 25,060,000 shares to raise up to a total of $2,506,000 of new funds and the grant 42,500,000 options to investors issued shares under either Placement 1 or Placement 2 on the basis of one attaching option granted for each share issued. The Company held a general meeting of shareholders on 26 September 2013 and obtained approval from its shareholders for the issue of shares and options subscribed for under Placement 1 and Placement 2.

DIRECTORS' MEETINGS

The number of meetings attended by each Director of the Company during the financial year was:

	Board meetings		Audit committee meetings	
	Number held and entitled to attend	**Number attended**	**Number held and entitled to attend**	**Number attended**
Mr D Waddell	33	33	2	2
Mr E Smart	11	11	1	1
Mr A Haller	31	31	2	2
Mr G Sloan	28	22	2	0
Mr C Roberts	28	27	2	2

DIRECTORS' INTERESTS

The relevant interest of each director in the shares, or options over such instruments issued by the Company, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Orion Gold NL		
	Ordinary shares	**Ordinary shares other**	**Options over ordinary shares**
Mr D Waddell	6,687,500	-	12,000,000
Mr E Smart (i)	1,040,000	-	15,000,000
Mr A Haller (ii) (iii)	77,493,695	-	18,792,278

Directors' Report (continued)

(i) On 8 July 2013, Mr Smart was issued 1,000,000 fully paid ordinary shares ('Shares') at an issue price of $0.10 per Share as part of his remuneration package. The Company will provide Mr Smart with an interest free, non-recourse loan for Mr Smart to purchase the Shares ('Loan'). The Loan will be repayable upon either the sale of the Shares or within one month of Mr Smart ceasing to be a Director of the Company.

(ii) Mr Haller holds relevant interests as follows: Silja 76,090,556 ordinary shares and 18,792,278 unlisted options exercisable at $0.20 expiring 31 March 2014, Mr Haller 884,261 ordinary shares, Pershing Securities 1,320 ordinary shares and EPIC Pacific Rim LLC 517,558 ordinary shares.

(iii) The Company announced on 12 October 2012 its intention to undertake a restructure of its capital and debt position, including capital raisings, by way of the following sequential actions ('Restructure'):
- an initial private placement to raise approximately $143,425;
- conversion of all convertible notes ('Notes') on issue to shares in the Company;
- consolidation of the Company's issued capital; and
- a second private placement ('Second Placement') comprising:
  - new funds of approximately $4,520,772; and
  - issue of shares to Silja of up to $1,879,228 as a reduction of the amount owed by the Company to Silja.

As agreed with Silja, on 19 December 2012, the Company converted all of the Notes held by Silja and applicable interest on the Notes at a conversion rate of $0.0042 (pre-consolidation) into 52,211,046 (2,088,441,838 pre-consolidation) fully paid ordinary shares. Refer to note 15 for further details.

On 21 December 2012, following the Company's share consolidation, the Company issued Silja 18,792,278 fully paid ordinary shares resulting from Silja's election to subscribe for its full Capital Raising Allocation as described in the Company's Notice of AGM dated 22 October 2012. Silja was issued 18,792,278 shares at 10 cents per share, with one option (exercisable at $0.20 at any time until 31 March 2014) attached to each share, thereby reducing the amount of a loan owed by the Company to Silja by $1,879,228.

As at 30 June 2013, the Company had drawn $102,281 of the Facility and as at 30 June 2013 the Company accrued an interest expense of $86,586.

SHARE OPTIONS

Options granted to directors and executives of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following directors and to the following of the two most highly remunerated executives of the Company as part of their remuneration:

	Number of options granted	Exercise price	Expiry date
Executive Directors			
Mr E Smart (i)	5,000,000	$0.15	31 May 2018
	5,000,000	$0.25	31 May 2018
	5,000,000	$0.35	31 May 2018
Non-executive Directors			
Mr D Waddell (ii)	2,000,000	$0.15	31 May 2018
	2,000,000	$0.25	31 May 2018
	2,000,000	$0.35	31 May 2018
Mr A Haller	-	-	-
Mr G Sloan	-	-	-
Mr C Roberts	-	-	-
Executives			
Mr M Bouwmeester (iii)	1,000,000	$0.15	30 April 2018
	1,000,000	$0.25	30 April 2018
	1,000,000	$0.35	30 April 2018
Mr B Oliver	-	-	-

(i) On 8 July 2013, the Company issued 15,000,000 options and 1,000,000 fully paid ordinary shares to Errol Smart as approved by the Company's shareholders at a general meeting held on 13 June 2013.
(ii) On 8 July 2013, the Company issued 6,000,000 options to Denis Waddell as approved by the Company's shareholders at a general meeting held on 13 June 2013.
(iii) On 8 July 2013, the Company issued 3,000,000 options to Martin Bouwmeester as approved by the Company's shareholders at a general meeting held on 13 June 2013.

Unissued shares under options and performance rights

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of shares
31 March 2014	$0.40	1,500,000
31 March 2014	$0.20	53,186,528
30 April 2014	$0.20	12,040,086
31 July 2014	$0.40	625,000
30 June 2015	$1.60	50,000
30 June 2015(i)	-	10,625
30 April 2018	$0.15	1,000,000
30 April 2018	$0.25	1,000,000
30 April 2018	$0.35	1,000,000
31 May 2018	$0.15	7,000,000
31 May 2018	$0.25	7,000,000
31 May 2018	$0.35	7,000,000
		91,412,239

Following the 1:40 consolidation of shares that occurred in December 2012, the number of options issued prior to December 2012 were consolidated in the same 1:40 ratio as the ordinary capital.

(i) Employee performance rights.

Shares issued on exercise of options
There were no options exercised during or since the end of the financial year.

REMUNERATION REPORT - AUDITED

Remuneration Policy
Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors and executives of the Company and the Group including the two most highly remunerated senior executives of the Company and the Group.

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality Board and management by remunerating directors and executives fairly and appropriately with reference to relevant employment and market conditions. To assist in achieving the objective the Board links the nature and amount of executive directors' emoluments to the Group's financial and operational performance.

The expected outcome of the Group's remuneration structure is:
- Retention and motivation of directors and executives;
- Attraction of quality management to the Group; and
- Performance rewards to allow directors and executives to participate in the future success of the Group.

Remuneration may include base salary and fees, short term incentives, superannuation contributions and long term incentives. Any equity based remuneration for directors will only be made with the prior approval of shareholders at a general meeting. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Group and the performance of the individual during the period. All remuneration granted to key management personnel during the year was fixed under service agreements between the Company and key management personnel and was not impacted by performance related measures.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

The Board of directors is responsible for determining and reviewing compensation arrangements for the executive and non-executive directors. The maximum remuneration of non-executive directors is the subject of shareholder resolution in accordance with the Company's Constitution, and the Corporations Act 2001 as applicable.

The total level of remuneration for the financial year for all non-executive directors of $169,000 is maintained within the maximum limit of $350,000 approved by shareholders. When setting fees and other compensation for non-executive directors, the Board may seek independent advice and apply Australian benchmarks. The Board may recommend additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Group.

There is no scheme to provide retirement benefits, other than statutory superannuation when applicable, to non-executive directors.

The Chairman will undertake an annual assessment of the performance of the individual directors and meet privately with each director to discuss this assessment. Position descriptions are in place for directors and executives and will be used as a basis for assessing performance.

Consequences of performance on shareholders wealth

In considering the Group's performance and benefits for shareholders wealth, the Board of directors has regard to the following indices in respect of the current financial year and the previous four financial years.

	2013	2012	2011	2010	2009
Net profit/(loss) attributable to equity holders of the Company	$(8,515,184)	$2,516,668	$1,498,834	$(14,145,490)	$(31,571,693)
Dividends paid	-	-	-	-	-
Actual share price (i)	$0.04	$0.28	$0.64	$0.88	$1.12

(i) Consolidation of the Company's share capital through the conversion of every 40 shares into one share took effect from 21 December 2012.

Long Term Incentive Based Remuneration

The Company has an option and performance rights based remuneration scheme for executives. In accordance with the provisions of the Orion Gold Option and Performance Rights Plan, as approved by shareholders at a general meeting, executives may be granted options or performance rights to purchase ordinary shares. The number and terms of options or performance rights granted is at the absolute discretion of the Board, provided that the total number of options on issue under the scheme at the time of the grant does not exceed 5% of the number of ordinary shares on issue.

Shareholder consent must be obtained at a general meeting for the issue of options to directors.

The issue of options to directors and employees encourages the alignment of personal and shareholder interests.

No options or performance rights were granted during the year ended 30 June 2013 under the terms of the Orion Gold Option and Performance Rights Plan.

Service contracts

Existing service contracts for key management personnel, including the chief executive officer, chief operating officer, and chief financial officer and company secretary, are unlimited in term but capable of termination on 3 months' notice and that the Group retains the right to terminate the contract immediately, by making that payment in lieu of notice.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Key management personnel are also entitled to receive on termination of employment, redundancy benefits, their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

Directors

Total compensation for all non-executive directors, last voted upon by shareholders at the 2007 Annual General Meeting, is not to exceed $350,000 per annum and is set based on advice from external advisors with reference to fees paid to other directors of comparable companies. The total level for all non-executive directors' base fees are presently $50,000 per annum.

The Chairman receives $75,000 per annum. Non-executive directors do not receive performance related compensation. Directors' fees cover all main board activities and membership of one committee.

Directors may be paid additional amounts for consulting services provided in addition to normal director duties. Such additional amounts are paid on commercial terms.

Remuneration report approval at the 2012 Annual General Meeting

The 30 June 2012 Remuneration Report received positive shareholder support at the Company's Annual General Meeting with a positive vote of 91% in favour.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Directors and Executive Officers' Emoluments – 2013

		Primary salary, incentives, superannuation and consultancy payments				Share based payments (viii)	Total remuneration	% of remuneration in options
Names	Year	Salary & fees $	Short term incentives $	Super-annuation $	Termination benefits $	Options value $	$	%
Directors								
Executive Directors								
Mr E Smart (MD/CEO)(i)	2013	149,000	-	-	-	-	149,000	-
	2012	-	-	-	-	-	-	-
Sub-total executive Directors	2013	149,000	-	-	-	-	149,000	-
	2012	-	-	-	-	-	-	-
Non-executive Directors								
Mr D Waddell (Chairman)	2013	75,000	-	-	-	-	75,000	-
	2012	183,000	-	-	-	-	183,000	-
Mr A Haller	2013	50,000	-	-	-	-	50,000	-
	2012	50,000	-	-	-	-	50,000	-
Mr G Sloan(v)	2013	37,500	-	-	-	-	37,500	-
	2012	45,872	-	4,128	-	67,537	117,537	57
Mr C Roberts (iv)	2013	118,500	-	-	-	8,404	126,904	7
	2012	141,667	-	-	-	41,670	183,337	23
Total directors remuneration	**2013**	**430,000**	**-**	**-**	**-**	**8,404**	**438,404**	**2**
	2012	**420,539**	**-**	**4,128**	**-**	**109,207**	**533,874**	**20**
Executives								
Current								
Mr M Bouwmeester (ii)	2013	288,701	-	-	-	-	288,701	-
	2012	310,946	-	-	-	-	310,946	-
Mr B Oliver (iii)	2013	42,681	-	-	-	-	42,681	-
	2012	-	-	-	-	-	-	-
Former								
Dr. J Anderson (vii)	2013	153,731	-	13,948	-	-	167,679	
	2012	189,063	-	16,101	-	-	205,164	-
Mr S Cahoon (vi)	2013	19,487	-	3,747	-	-	23,234	-
	2012	81,258	-	13,394	-	8,220	102,872	8
Total executives remuneration	**2013**	**504,600**	**-**	**17,695**	**-**	**-**	**522,295**	**-**
	2012	**581,267**	**-**	**29,495**	**-**	**8,220**	**618,982**	**1**
Total directors and executive officers remuneration	**2013**	**934,600**	**-**	**17,695**	**-**	**8,404**	**960,699**	**1**
	2012	**1,001,806**	**-**	**33,623**	**-**	**117,427**	**1,152,856**	**10**

REMUNERATION REPORT – AUDITED (continued)

Directors and Executive Officers' Emoluments – 2013

(i) Mr Smart has held the position of Managing Director and Chief Executive Officer from 26 November 2012.
(ii) Mr Bouwmeester held the position of General Manager – Corporate from 27 February 2009 until 31 January 2013 and has held the position of Chief Financial Officer from 31 January 2013.
(iii) Mr Oliver has held the position of Chief Operating Officer from 8 May 2013.
(iv) Mr Roberts was appointed a non-executive director of the Company on 7 September 2011 and resigned on 3 April 2013. The value of options previously granted to Mr Roberts as part of his remuneration that lapsed during the financial year because the vesting conditions were not satisfied totalled $50,250.
(v) Mr Sloan resigned on 3 April 2013.
(vi) Mr Cahoon held the position of Chief Financial Officer from 30 June 2009 until termination of his employment on 31 January 2013.
(vii) Dr Anderson held the position of General Manager – Exploration from 30 June 2009 until 8 May 2013 and has held the position of Exploration Manager - Walhalla Gold from 8 May 2013.
(viii) Share based payments represent the fair values of options estimated at the date of grant using the Black Scholes option pricing model. These values are not paid in cash.

Insurance premiums paid on behalf of directors and officers are not allocated to or included in total remuneration.

Options and Rights over equity instruments granted as compensation

As at the date of this report, there were 26,175,000 unissued ordinary shares under option issued to directors and executives (2012: 2,925,000 unissued ordinary shares under option). Refer to note 23 (c) of the Financial Statements for further details of the options on issue.

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that were vested during the reporting period are as follows:

	Number of options granted during 2013 (i)	Grant date	Fair value per option at grant date ($)	Exercise price per option ($)(ii)	Expiry date	Number of options vested during 2013
Directors						
Mr D Waddell	-	-	-	-	-	-
Mr E Smart	-	-	-	-	-	-
Mr A Haller	-	-	-	-	-	-
Mr G Sloan	-	-	-	-	-	-
Mr C Roberts (iii)	-	-	-	-	-	187,500
Executives						
Mr M Bouwmeester	-	-	-	-	-	-
Mr B Oliver	-	-	-	-	-	-

(i) The options were provided at no cost to the recipient.
(ii) The options are exercisable between 1 and 5 years from grant date.
(iii) The 187,500 options that vested during the year expired 60 days subsequent to the date on which Mr Roberts ceased to be a director.

Directors' Report (continued)

REMUNERATION REPORT – AUDITED (continued)

Analysis of Options and Rights over equity instruments granted as compensation

Details of vesting profile of the options granted as remuneration to each key management person of the Group and each of the named Company executives and Group executives are detailed below.

Directors	Options granted Number (ii)	Options granted Date	% vested in year	% lapsed in year (i)	Date grant vests
Mr D Waddell	500,000 500,000	24 June 2009 24 June 2009	-% -%	-% -%	31 March 2010 31 March 2011
Mr E Smart	-	-	-%	-%	-
Mr A Haller	-	-	-%	-%	-
Mr G Sloan	187,500 187,500	26 November 2009 26 November 2009	-% -%	100% 100%	30 November 2010 30 November 2011
Mr C Roberts	187,500 187,500	20 December 2011 20 December 2011	100% -%	100% 100%	30 November 2012 30 November 2013
Executives					
Mr M Bouwmeester	250,000 250,000	12 June 2009 12 June 2009	-% -%	-% -%	31 March 2010 31 March 2011
Mr B Oliver	-	-	-%	-%	-
Former					
Dr J Anderson (iii)	125,000 125,000	30 June 2009 30 June 2009	-% -%	-% -%	30 June 2010 30 June 2011
Mr S Cahoon (iv)	62,500 62,500 25,000 25,000	30 June 2009 30 June 2009 13 September 2010 13 September 2010	-% -% -% -%	-% -% -% -%	30 June 2010 30 June 2011 30 June 2011 30 June 2012

(i) The % lapsed in the year represents the reduction from the maximum number of options available to be exercised.

(ii) Following the 1:40 consolidation of shares that occurred in December 2012, the number of options issued prior to December 2012 was consolidated in the same 1:40 ratio as the ordinary capital.

(iii) Dr Anderson held the position of General Manager – Exploration from 30 June 2009 until 8 May 2013 and has held the position of Exploration Manager - Walhalla Gold from 8 May 2013.

(iv) Mr Cahoon held the position of Chief Financial Officer from 30 June 2009 until the termination of his employment on 31 January 2013. Due to Mr Cahoon's contribution to the Company, the Board of directors elected to waive cessation of employment expiry terms on all outstanding options granted to Mr Cahoon.

Subsequent to 30 June 2013, the Company granted the following options to key management personnel after approval from shareholders, which will be considered as remuneration in future financial years:

	Number of options granted	Exercise price	Vest date	Expiry date
Mr E Smart	5,000,000	$0.15	26 Nov 2013	31 May 2018
	5,000,000	$0.25	26 Nov 2014	31 May 2018
	5,000,000	$0.35	26 Nov 2015	31 May 2018
Mr D Waddell	2,000,000	$0.15	26 Nov 2013	31 May 2018
	2,000,000	$0.25	26 Nov 2014	31 May 2018
	2,000,000	$0.35	26 Nov 2015	31 May 2018
Mr M Bouwmeester	1,000,000	$0.15	30 Sep 2013	30 Apr 2018
	1,000,000	$0.25	31 Mar 2014	30 Apr 2018
	1,000,000	$0.35	31 Mar 2015	30 Apr 2018

REMUNERATION REPORT – AUDITED (continued)

Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person, and each of the named Company executives is detailed below.

	Value of options		
	Granted in year $ (i)	Exercised in year $ (ii)	Lapsed in year $ (iii)
Mr D Waddell	-	-	-
Mr E Smart	-	-	-
Mr A Haller	-	-	-
Mr G Sloan (iv)	-	-	-
Mr C Roberts (iii)	-	-	-
Mr S Cahoon	-	-	-
Mr M Bouwmeester	-	-	-
Mr B Oliver	-	-	-

(i) No options were granted during the year.
(ii) No options were exercised during the year.
(iii) 187,500 options expired 60 days subsequent to the date on which Mr Roberts ceased to be a director of the Company and 187,500 options which had not vested on the date on which Mr Roberts ceased to be a director of the Company, expired on the date on which Mr Roberts ceased to be a director of the Company. The Company determined that the value of these options were $nil at the date they lapsed.
(iv) 375,000 options expired 60 days subsequent to the date on which Mr Sloan ceased to be a director of the Company. The Company determined that the value of these options were $nil at the date they lapsed.

Engagement of remuneration consultants

The Board of Directors from time to time, seek and consider advice from independent remuneration consultants to ensure that the Company has at its disposal information relevant to the determination of all aspect of remuneration relating to key management personnel.

Remuneration consultants were engaged during the period to provide benchmarking information in relation to the appropriateness of the proposed remuneration package for the Managing Director and CEO. The advice and recommendations provided were used by the Board in finalising the remuneration package for the Managing Director and CEO.

The Board followed a set of protocols when engaging remuneration consultants with a view to minimising the risk of any undue influence occurring and ensuring compliance with the requirements of the Corporations Act 2001, which included:

- Remuneration consultants are engaged by and report directly to the Board; and
- Communication between remuneration consultants and the Company is limited to those KMPs whose remuneration is not under consideration.

Details of the remuneration consultants used during 2013 are set out in the table below:

Consultant	Advice provided	Amount paid
VSOPP Advisory Pty Ltd	Remuneration guidance – Managing Director and CEO	$2,000

Directors' Report (continued)

ENVIRONMENTAL ISSUES

The state government regulations in the various states which the Group operates require rehabilitation of drill sites including any other sites where the Group has caused surface and ground disturbance. The costs are not of a material nature and vary across disturbance sites. To date rehabilitation has taken place on drill sites as drill rigs are moved as part of the exploration program when drilling in a particular area of interest is complete or not active for an extended period of time due to other drilling project priorities.

As part of the Group's environmental policy exploration and access sites are regenerated to match or exceed local government and state government expectations. The costs are not considered to be material by the Group however this policy will be reviewed as exploration and development activities increase.

During the year, the Company commenced decommissioning of the skipway which was used by the Company in the taking of the underground bulk sample at the Walhalla Gold Project's Eureka adit. Decommissioning as associated site rehabilitation was completed in August 2013 (see Note 13).

It is expected that most of these costs will not be significant in the next financial year and will be expensed as incurred.

Based on the results of enquires made, the board is not aware of any significant breaches during the period covered by this report.

DIVIDENDS

There were no dividends paid or declared during the financial year (2012: $nil).

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company and all office bearers of the Company and of anybody corporate against any liability incurred whilst acting in the capacity of director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. Orion Gold NL, to the extent permitted by law, indemnifies each director or secretary against any liability incurred in the service of the Group provided such liability does not arise out of conduct involving a lack of good faith and for costs incurred in defending proceedings in which judgement is given in favour of the person in which the person is acquitted. The Company has not provided any insurance or indemnity for the auditor of the Company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Directors' Report (continued)

NON-AUDIT SERVICES (continued)

Details of the amounts paid to the auditor, KPMG, and its related practices for non-audit services provided during the year are set out below.

	Consolidated	
	2013 **$**	**2012** **$**
Services other than statutory audit:		
Other services		
Taxation compliance services (KPMG Australia)	6,000	7,000
	6,000	**7,000**

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 38 and forms part of the Directors' Report for the financial year ended 30 June 2013.

CORPORATE GOVERNANCE

The Board of directors recognises the recommendations of the Australian Securities Exchange Corporate Governance Council for Corporate Governance Principles and Recommendations (2nd Edition) and considers that the Company substantially complies with those guidelines, which are of critical importance to the commercial operation of a junior listed resources company. The Company's corporate governance statement and disclosures are contained in pages 32 to 37 of this Annual Financial Report.

This report is made in accordance with a resolution of the directors.

Denis Waddell
Director

Melbourne

Date: 27 September 2013

Corporate Governance Statement

The Board of Directors of Orion Gold NL ("Orion" or "Company") is responsible for the corporate governance of the Company. The Company's corporate governance practices are set out below. These practices are generally in line with the ASX Corporate Governance Council's Recommendations, with exceptions noted in italics and cross-referenced in the table below. Further information is available in the Corporate Governance section of the Company's website www.oriongold.com.au.

1. THE BOARD

The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board Charter is available on the website.

To ensure the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three directors, a majority of whom should be non-executive directors;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at regular intervals and follow meeting guidelines set down to ensure all directors have all necessary information to participate in an informed discussion of all agenda items.

The membership of the Board, its activities and composition are subject to periodic review.

The Board considers that its current structure is appropriate given its size and that the current directors provide the necessary diversity of skills and experience appropriate for the Company's current projects and business.

The Company does not comply with Recommendation 2.1, as a majority of Directors are not independent; Denis Waddell as Non-executive Chairman, is not considered to be independent as he has within the past three years been employed in an executive capacity by Orion. Alexander Haller, although a non-executive director, is not considered to be independent because he is associated with Silja, a substantial shareholder of the Company.

Managing Director and Chief Executive Officer

Errol Smart was appointed Managing Director and CEO in November 2012. As the sole executive Director of the Company, Mr Smart is responsible for communication with senior management, the day-to-day administration and management of the Company, and keeping the Board properly informed. The Board reviews and provides feedback on the CEO's performance, and is responsible for the appointment and removal of the CEO.

The Company does not comply with Recommendation 2.2, as the Non-executive Chairman, Denis Waddell, is not independent.

The criteria for determining the identification and appointment of a suitable candidate for the Board shall include qualifications, experience and achievement, credibility within the Company's scope of activities, intellectual ability to contribute to the Board's duties and ability to undertake Board duties and responsibilities.

The Company does not comply with Recommendation 2.4, as there is no separate nomination committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a nomination committee. The whole Board conducts the functions of the nomination committee, and is guided by the charter posted on the website.

The Company does not comply with Recommendations 3.2, 3.3 or 3.4 as the Company has not established a policy concerning gender diversity nor disclosed a policy or summary of that policy. The Company has not disclosed in its annual report, the measurable objectives for achieving gender diversity. The Board considers that at this time no efficiencies or other benefits would be gained by introducing a formal diversity policy.

In the future, as the Group grows and increases in size and activity, the Board will adopt a formal diversity policy.

Corporate Governance Statement (continued)

2. BOARD RESPONSIBILITIES

The Board is responsible for:

(a) driving the success of Orion in a way that ensures the interests of shareholders and key stakeholders are properly recognised and protected;

(b) setting the strategic direction of Orion and monitoring the performance of the Chief Executive Officer/Managing Director ("CEO/MD") and those senior executives who report to the CEO/MD;

(c) ensuring there are adequate resources available to meet the Orion Group's business plans and strategic objectives;

(d) appointing and where appropriate removing the CEO/MD and overseeing succession plans for the senior executives who report to the CEO/MD;

(e) ratifying the appointment and where appropriate, the removal of the Chief Financial Officer (CFO) or equivalent and the Company Secretary;

(f) approving conditions of service and performance monitoring procedures to apply to all executive directors and those senior executives who report to the CEO/MD;

(g) approving policies of a company-wide nature;

(h) approving and monitoring Orion's financial reporting, major capital expenditure and capital management;

(i) approving and monitoring the progress of Orion's business plans and strategic objectives;

(j) ensuring that adequate audit, risk management and compliance systems and procedures exist, and are being effectively utilised;

(k) ensuring that Orion has appropriate corporate governance structures in place, including an ethical code of conduct; and

(l) ensuring that the Board has the appropriate blend of experience, skills and attributes to meet the changing needs of Orion.

The Board has delegated responsibility for the day-to-day operations and administration of Orion to the CEO/MD.

3. MONITORING OF THE BOARD'S PERFORMANCE

The Board will from time to time, evaluate its performance (including individual Board members) and the Board committees to determine whether they are functioning effectively by reference to their charters and current best practice.

4. AUDIT COMMITTEE

The Audit Committee has been established by the Board. Its primary function is to assist the Board in fulfilling its responsibilities by reviewing the:

- Quality and integrity of financial reporting;
- Systems of internal control that management and the Board have established to safeguard the Group's financial and physical assets and facilitate compliance with relevant statutory and regulatory requirements;
- Processes for business risk identification, quantification and mitigation;
- Effectiveness and independence of the external audit process; and
- Quality and relevance of financial and non-financial information provided to management and the Board on which decisions will be based.

The Audit Committee comprises Denis Waddell (Chairman) and Alexander Haller. Each member has the relevant financial and industry experience required to perform Audit Committee functions. Details of their qualifications and experience are set out in the Directors' Report. The Audit Committee Charter is available on the website.

The Company does not comply with Recommendation 4.2, as the Audit Committee consists of only two members, Denis Waddell is the Chairman of both the Board and the Audit Committee, and non-executive

Corporate Governance Statement (continued)

director Alexander Haller is not independent. The Board considers that the current structure is appropriate given the size of the Company and the necessary skills and experience that the current Audit Committee members bring to these meetings.

5. REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of quality management to the Company; and
- Performance incentives that allow executives to share the rewards of the success of Orion.

For details on the amount of remuneration and all monetary and non-monetary components for all directors, refer to the Directors' Report.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Orion and the performance of the individual during the period. A performance review for Directors and executives was conducted by the Board during the year in review.

There is no scheme to provide retirement benefits, other than statutory superannuation, to directors.

The Company does not comply with Recommendations 8.1 or 8.2, as there is currently no separate remuneration committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a remuneration committee. The whole Board conducts the functions of the remuneration committee and is guided by the charter posted on the website.

6. ADDITIONAL INFORMATION

- The charter of the **Technical Committee** of the Board is available on the website.
- The Company has established a **Risk Management and Internal Control Policy**, which is available on the Company's website. Management reports regularly to the Board on its management of material business risks. The Board has received assurance from the CEO and CFO that the declaration for the financial report, provided in accordance with section 295A of the *Corporations Act,* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. The Company's **Continuous Disclosure Policy** is posted on the website. All information disclosed to ASX is immediately posted on the website and emailed to those parties who have supplied their email addresses. Before analysts are briefed on aspects of the Company's operations, the presentation is released to ASX and posted on the website.
- The Company's **Shareholder Communication Policy** is posted on the website.
- The Company's **Securities Trading Policy** is available on the website. It binds Directors, officers and employees of the Company and prohibits trading in the Company's securities by anyone in possession of price-sensitive information. They may only trade in the Company's securities or securities of the Company's joint venture partners after receiving written approval from the Chairman, Managing Director, or Company Secretary. Written approval will not be given for trading during closed periods, being the four weeks prior to, and 24 hours after, the release of the annual report or half-year report, unless there are exceptional circumstances.
- The Board has adopted a **Code of Conduct** and policies on Community, OH&S, and the Environment. The Code and policies are available on the website.

  Directors have the right, in connection with their duties and responsibilities as Directors, to seek **independent professional advice** at the Company's expense. The Company will only meet that expense if they obtain the advice after obtaining the Chairman's prior written approval, which will not be unreasonably withheld.

Corporate Governance Recommendations (incl 2010 amendments)	Action taken and reasons if not adopted
<u>Principle 1: Lay solid foundation for management and oversight</u> 1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions. 1.2 Companies should disclose the process for evaluating the performance of senior executives. 1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	Adopted
<u>Principle 2: Structure the board to add value</u> 2.1 A majority of the board should be independent. 2.2 The chairperson should be an independent Director. 2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual. 2.4 The board should establish a nomination committee. 2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors. 2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	Adopted except as follows:- 2.1, 2.2 and 2.4 – see italics in section 1, above.
<u>Principle 3: Promote ethical and responsible decision-making</u> 3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting or investigating reports of unethical practices. 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them. 3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. 3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. 3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.	Adopted except as follows:- 3.2, 3.3, and 3.4 – see italics in section 1, above.

Corporate Governance Statement

Corporate Governance Recommendations (incl 2010 amendments)	Action taken and reasons if not adopted
Principle 4: Safeguard integrity in financial reporting 4.1 The board should establish an audit committee. 4.2 The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; and • has at least three members. 4.3 The audit committee should have a formal charter. 4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	Adopted except as follows: 4.2 - see italics in section 4, above.
Principle 5: Make timely and balanced disclosure 5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. 5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	Adopted
Principle 6: Respect the rights of shareholders 6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. 6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	Adopted
Principle 7: Recognise and manage risk 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. 7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. 7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. 7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	Adopted

Corporate Governance Recommendations (incl 2010 amendments)	**Action taken and reasons if not adopted**
Principle 8: Remunerate fairly and responsibly 8.1 The board should establish a remuneration committee. 8.2 The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent director; and • has at least three members. 8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. 8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.	Adopted except as follows: 8.1 and 8.2 - see italics in section 5, above.

Auditor's Independence Declaration

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 audit for the financial year ended 30 June 2013 there have been:

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

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

KPMG

KPMG

Alison Kitchen

Alison Kitchen
Partner

Melbourne

27 September 2013

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
Continuing operations			
Other income	3	58,918	48,462
Exploration and evaluation expenses	3	(719,508)	(652,439)
Administration expenses	3	(1,516,148)	(1,396,839)
Rehabilitation expenses		(230,000)	-
Impairment of non-current assets	10	(76,677)	(980,313)
Plant and equipment written-off	9	(52,769)	-
Fair value movement in convertible note derivative	15	(5,056,873)	7,431,372
Results from operating activities		(7,593,057)	4,450,243
Finance income	3	37,121	43,937
Finance expense	3	(959,248)	(1,977,512)
Net finance costs		(922,127)	(1,933,575)
Profit/(loss) before income tax		(8,515,184)	2,516,668
Income tax (expense)/benefit	4	-	-
Net profit/(loss) from continuing operations attributable to equity holders of the Company		**(8,515,184)**	**2,516,668**
Other comprehensive income			
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income/(loss) for the period		**(8,515,184)**	**2,516,668**
Earnings/(loss) per share (cents per share)			
Basic earnings/(loss) per share (AUD)	5	(11.88)	13.16
Diluted earnings/(loss) per share (AUD)	5	(11.88)	9.38

The comparative earnings per share information has been restated with accounting standard requirements following the share consolidation that occurred during the year ended 30 June 2013. Refer to note 14 for further details.

The notes on pages 43 to 80 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

AS AT 30 JUNE 2013

	Notes	2013 $	2012 $
ASSETS			
Current assets			
Cash on hand and at bank	6	1,027,779	157,867
Trade and other receivables	7	32,288	35,548
Inventories	8	17,189	18,025
Prepayments		61,655	61,430
Total current assets		**1,138,911**	**272,870**
Non-current assets			
Trade and other receivables	7	390,886	363,345
Property, plant and equipment	9	160,310	268,571
Deferred exploration, evaluation and development	10	10,501,156	8,653,908
Total non-current assets		**11,052,352**	**9,285,824**
TOTAL ASSETS		**12,191,263**	**9,558,694**
LIABILITIES			
Current liabilities			
Trade and other payables	12	852,544	478,500
Loan	16	102,281	1,581,509
Provisions	13	347,545	88,034
Total current liabilities		**1,302,370**	**2,148,043**
Non-current liabilities			
Provisions	13	24,100	24,057
Convertible note – derivative	15	-	1,946,312
Convertible note – liability	15	-	6,584,782
Total non-current liabilities		**24,100**	**8,555,151**
TOTAL LIABILITIES		**1,326,470**	**10,703,194**
NET ASSETS		**10,864,793**	**(1,144,500)**
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	14	63,670,907	43,933,657
Accumulated losses		(54,267,887)	(47,831,796)
Other reserves	14	1,461,773	2,753,639
TOTAL EQUITY/ (DEFICIENCY)		**10,864,793**	**(1,144,500)**

The notes on pages 43 to 80 are an integral part of these consolidated financial statements.

Consolidated Statment of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
Cash flows from operating activities			
Payments for exploration and evaluation		(1,758,604)	(1,979,706)
Payments to suppliers and employees		(997,492)	(986,944)
Interest received		36,804	50,076
Income tax receipt		-	-
Receipts from customers		3,554	21,674
Net cash used in operating activities	6	**(2,715,738)**	**(2,894,900)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(31,862)	(115,516)
Restricted cash investments	7	-	135,622
Proceeds from sale of property, plant and equipment		-	34,889
Proceeds from insurance recoveries		55,364	-
Net cash acquired as part of acquisition		9,310	-
Net cash from investing activities		**32,812**	**54,995**
Cash flows from financing activities			
Proceeds from issue of shares		3,439,425	-
Share issue expenses		(286,587)	-
Proceeds from borrowings	16	400,000	-
Repayment of finance lease		-	1,581,509
Net cash from financing activities		**3,552,838**	**1,581,509**
Net increase/(decrease) in cash and cash equivalents		869,912	(1,258,396)
Cash and cash equivalents at beginning of period		157,867	1,416,263
Cash on hand and at bank at end of period	6	**1,027,779**	**157,867**

Extinguishment of the convertible note – liability of $7,495,975 and convertible note – derivative of $7,003,185 as set out in note 15 and the partial settlement of the loan of $1,879,228 as set out in note 16 to the Consolidated Finance Statements constitute non-cash financing activities and are not included in the Consolidated Statement of Cash Flows above.

The exploration and evaluation assets of $884,829 acquired as part of the Kamax acquisition as set out in note 10 constitutes non-cash investing activities and is not included in the Consolidated Statement of Cash Flows above.

The settlement of outstanding directors fees in December 2012 through issue of shares to the value of $293,778, constitutes a non-cash operating activities and is not included in the Consolidated Statement of Cash Flows above.

The notes on pages 43 to 80 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2013

	Attributable to equity holders of the Company			
			Other reserves	
	Issued capital $	Accumulated losses $	Share based payments $	Total equity $
At 30 June 2011	**43,933,657**	**(50,348,464)**	**2,634,011**	**(3,780,796)**
Total comprehensive income for the year	-	2,516,668	-	2,516,668
Issue of share capital	-	-	-	-
Capital raising costs during the year	-	-	-	-
Share-based payments expense	-	-	119,628	119,628
At 30 June 2012	**43,933,657**	**(47,831,796)**	**2,753,639**	**(1,144,500)**
Total comprehensive income for the year	-	(8,515,184)	-	(8,515,184)
Issue of share capital	20,136,591	-	-	20,136,591
Capital raising costs during the year	(399,341)	-	-	(399,341)
Share-based payments expense	-	-	41,621	41,621
Unlisted share options not vested	-	-	(33,217)	(33,217)
Unlisted share options expired	-	2,079,093	(2,079,093)	-
Share based payment acquisition consideration	-	-	778,823	778,823
At 30 June 2013	**63,670,907**	**(54,267,887)**	**1,461,773**	**10,864,793**

The notes on pages 43 to 80 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

1 CORPORATE INFORMATION

Orion Gold NL ("Company") is a company domiciled in Australia. The address of the Company's registered office is Suite 302, Level 3, 488 Bourke Street, Melbourne, Victoria, 3000. The consolidated financial statements as at and for the year ended 30 June 2013 comprises the Company and its subsidiaries, (together referred to as the "Group"). The Group is a for-profit Group and is primarily involved in gold exploration.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

(i) Statement of compliance
The consolidated financial statements are general purpose financial statement which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB). The consolidated financial statements were authorised for issue by the Board of directors on 27 September 2013.

(ii) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except where stated.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

Certain comparative amounts have been reclassified to conform with the current year's presentations.

(iii) Going concern
The Group recorded a loss of $8,515,184 after tax for the full-year ended 30 June 2013 with the major reason for the loss being the accounting treatment of the convertible notes. In particular, the net movement in the fair value of convertible notes for the year was a loss of $5,056,873. The fair value movement is not a cash loss and did not have a negative impact on the Group's cash reserves. During the year the convertible notes on issue to Silja and $1,879,228 drawn down of the loan agreement with Silja was settled through the issue of fully paid ordinary shares of the Company (refer note 15 and note 16).

Following the settlement of the convertible notes and a portion of the loan agreement with Silja, the position as at 30 June 2013 was as follows:

- The Group has cash reserves of $1,027,779 and had negative operating cash flows of $2,715,738 (including $1,758,604 in payments for exploration and evaluation) for the year ended 30 June 2013;
- The Group has a deficiency of working capital at 30 June 2013 of $163,459, rectified by subsequent financing activity (refer below);
- 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
- Secured debt facilities have already been made available to the Group by Silja at 30 June 2013 under terms of a loan agreement (refer note 16). As at 30 June 2013, the Group has drawn $102,281 under the terms of the Facility and have $86,586 accrued interest payable on previous drawdowns. The maximum amount of the Facility is $2,000,000 and expires on 31 December 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company announced on 21 August 2013, that it is raising funds through a capital raising. On 28 August 2013, the Company completed the first stage of the capital raising by issuing 17,440,000 ordinary shares at 10 cents per share pursuant to a placement to raise $1,744,000 ('Placement 1'). The second phase of the capital raising ('Placement 2') involves a further placement of up to 25,060,000 shares to raise up to a total of $2,506,000 of new funds and the grant 42,500,000 options to investors issued shares under either Placement 1 or Placement 2 on the basis of one attaching option granted for each share issued exercisable at 20 cents at any time until 31 August 2015 . The Company held a general meeting of shareholders on 26 September 2013 and obtained approval from its shareholders for the issue of shares and options subscribed for under Placement 1 and Placement 2.

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

- The Group has cash reserves of approximately $1,576,000; and
- The Group has a positive working capital position.

The Group has sufficient funds to undertake exploration activities during the next twelve months and to maintain the tenements in good standing. However, the exploration program and budget will be limited unless further funds are raised, to ensure sufficient cash funds are available during the next twelve months from the date of this report. The amount and timing of any additional funding requirements for operational and exploration plans is the subject of ongoing review. The Directors are confident that they 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 Group's tenements in good standing and pay its debts, as and when they fall due.

Accordingly, the financial statements for the year ended 30 June 2013 have been prepared on a going concern basis as, in the opinion of the Directors, the Group will be in a position to continue to meet its operating costs and exploration expenditure commitments and pay its debts as and when they fall due for at least twelve months from the date of this report.

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.

(b) New accounting standards and interpretations not yet adopted

Not yet adopted
The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2013, but have not been applied in preparing this financial report:

- AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* and AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures*. The new standards which become mandatory for the Group's 2016 financial statements could change the classification and measurement of financial assets and financial liabilities. The new standards are not expected to have significant impact on the financial statements.
- AASB 119 *Employee Benefits (September 2011)* – is amended focussing on the accounting for defined benefit plans. In addition, it changes the definition of short-term and other long term employee benefits and some disclosure requirements. The amendments, which become mandatory for the Group's 30 June 2014 financial statements, are not expected to have a significant impact on the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement* removes the requirements to include individual key management personnel disclosures in the notes to the financial statements. The Company will still need to provide these disclosures in the Remuneration Report under s.300A of the Corporations Act 2001. The amendments, which will become mandatory for the Group's 30 June 2014 financial statements, are not expected to have any impact on the financial statements, other than removal of duplicated disclosures.
- AASB 10 *Consolidated Financial Statements* – introduces a new approach in determining which investees should be consolidated and whether an investor is exposed, or had the rights to, variable returns from its involvement with the investee. Application of this new standard which becomes mandatory for the 30 June 2014 financial statements is not expected to have any impact on the financial statements however any future investments will need to be evaluated in light of these new requirements.
- AASB 11 *Joint Arrangements* – changes the consolidation requirements for joint operations and joint ventures depending on whether or not parties have rights to and obligations for underlying assets and liabilities. Application of this new standard which becomes mandatory for the 30 June 2014 financial statements is not expected to have any impact on the financial statements however any future investments will need to be evaluated in light of these new requirements.
- AASB 12 *Disclosure of Interests in Other Entities* – sets out disclosure requirements arising from AASB 10 and AASB 11 and replaces the disclosures currently required by AASB 127 and AASB 128. AASB 12 will not affect the amounts recognised in the financial statements however may impact the type of information disclosed in the notes to the financial statements.
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* – establishes a single source of guidance for all fair value measurements and aims to enhance fair value disclosures. The impact of application of the new standard has yet to be determined however application of the new standard will impact the type of information disclosed in the notes to the financial statements.
- AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* and AASB 2011-12 *Amendments to Australian Accounting standards arising from AASB Interpretation 20* has been issued to provide guidance on accounting for waste stripping costs for surface mining activities and clarifies certain criteria that need to be met in order to enable capitalisation of stripping costs. Application of this standard which becomes mandatory for the 30 June 2014 financial statements and will not have any impact unless the Group commences mining operations in the future.

(c) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Orion Gold NL ("parent company") from time to time during the year and at 30 June 2013 and the results of its controlled entities, Kamax Resources Limited and Goldstar Resources (WA) Pty Ltd, for the year then ended. The effects of all transactions between entities in the economic entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial position and its performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control exists.

The financial statements of the subsidiary are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

(d) Foreign currency translation

The functional and presentation currency of the Company and its Australian subsidiary's is Australian Dollars.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a reducing balance basis using estimated remaining useful life of the asset. The estimated useful lives for the current and comparative period are as follows:

Plant and equipment - over 3 to 15 years

(f) Impairment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(h) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Funds placed on deposit with financial institutions to secure performance bonds are classified as non-current receivables and not included in cash and cash equivalents.

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(j) Employee benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within twelve months of the reporting date represent obligations resulting from employee's services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as superannuation, workers compensation insurance and payroll tax.

Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black Scholes model. Further details are given in note 11.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(k) Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Tax consolidation

The Company and its wholly-owned Australian resident entity are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is Orion Gold NL.

Kamax became a wholly-owned subsidiary member of the Orion Gold NL tax consolidated group with effect from 22 July 2013. The tax implications of this joining event had not been determined at the date of this report.

(n) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(o) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure which can be directly attributed to operational activities in the area of interest, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

- 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.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological and geophysical studies;
- Exploration drilling, trenching and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resources.

General and administrative costs are not recognised as an exploration and evaluation asset. These costs are expensed as incurred.

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets. As the assets are not yet ready for use, they are not depreciated. Assets that are classified as tangible assets include:

- Piping and pumps;
- Tanks; and
- Exploration vehicles and drilling equipment.

Assets that are classified as intangible assets include:

- Drilling rights;
- Acquired rights to explore;
- Exploratory drilling costs; and
- Trenching and sampling costs.

Exploration expenditure which no longer satisfies the above policy is written off. In addition, a provision is raised against exploration expenditure where 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.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off in the year in which the decision to abandon is made, firstly against any existing provision for that expenditure, with any remaining balance being charged to earnings.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the economic entity's rights of tenure to that area of interest are current. Amortisation is not charged on areas under development, pending commencement of production.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Critical accounting judgements and key sources of estimation uncertainty

In the application of AASB'S management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgments made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements and include:

- Note 10 - Deferred exploration, evaluation and development,
- Note 13 - Provisions,
- Note 14 - Measurement of share based payments, and
- Note 15 - Measurement of financial instruments (convertible notes).

(q) Convertible notes

Under the terms of the convertible loan agreement, convertible notes issued by the Group can be converted to share capital at the option of the holder prior to the expiry date, and the number of shares to be issued may vary depending upon the price at which the Company issues shares during the term of the convertible notes. The issuer has the option to convert the share capital or settle in cash at the expiry date.

The liability component of the convertible note is recognised initially at the fair value of a similar liability that does not have a conversion option. Subsequent to initial recognition, the liability component of the convertible notes is measured at amortised cost using the effective interest method. Interest, dividends, losses and gains relating to the financial liability are recognised in the income statement as a non cash item. The conversion option is recognised initially at fair value. Subsequent to initial recognition all changes in its fair value are recognised immediately in the income statement.

(r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(s) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Group 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 Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director and Chief Executive Officer 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 Managing Director and Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(u) Finance income and expenses

Finance income comprises interest income on funds invested. Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit and loss using the effective interest method.

(v) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Convertible notes

The fair value of the convertible option is determined at each reporting date by an external, independent company that has appropriate, recognized professional qualifications and experience to value financial instruments of this nature. In relation to the converting option feature of the convertible notes, the fair value is determined by this company using a binomial option pricing model.

(ii) Share-based payment transactions

The fair value of the employee share options and the share appreciation rights is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

3. REVENUES AND EXPENSES

	2013 $	2012 $
Other income		
Sundry revenue	3,554	21,674
Insurance recoveries from plant and equipment	55,364	-
Sale of property plant and equipment	-	26,788
Total other income	**58,918**	**48,462**
Exploration and evaluation expenses		
Exploration and evaluation expenses	416,404	167,974
Employee expenses	303,104	484,465
Total exploration and evaluation expenses	**719,508**	**652,439**
Administration expenses		
Administration expenses	897,950	737,384
Employee expenses	465,273	373,151
Superannuation	46,051	50,037
Employee share based payments	8,404	119,628
Depreciation	98,470	116,639
Total Expenses from ordinary activities	**1,516,148**	**1,396,839**
Net finance costs		
Finance income		
Interest income	37,121	43,937
Total finance income	**37,121**	**43,937**
Finance expense		
Interest expense - convertible notes liability	911,193	1,938,933
Interest expense	48,055	38,579
Total finance expense	**959,248**	**1,977,512**

4 INCOME TAX

Income tax expense

	2013 $	2012 $
Profit / (loss) before tax	(8,515,184)	2,516,668
	(8,515,184)	2,516,668
Income tax using the corporation rate of 30%	(2,554,555)	755,000
Movements in income tax expense due to:		
Non deductible expenses	39	-
Exploration expenditure	(288,726)	(104,086)
Employee share based payments expensed	2,521	35,888
Convertible notes revaluation	1,790,420	(1,647,732)
Adjustment for timing differences	(30,301)	6,760
Adjustment for permanent differences	-	(84,506)
	(1,080,602)	**(1,038,676)**
(Under) / over provided in prior years	-	-
Tax effect of tax losses not recognised	1,080,602	1,038,676
	-	-
Income tax (expense)/benefit	-	-

No income tax is payable by the Group. The directors have considered it prudent not to bring to account the future income tax benefit of income tax losses and exploration deductions until it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

The Group has estimated un-recouped income tax losses of $58,364,549 (2012: $54,762,542) which may be available to offset against taxable income in future years.

The benefit of these losses and timing differences will only be obtained if:

(a) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;

(b) the Group continues to comply with the condition of deductibility imposed by Australian law; and

(c) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

Tax consolidation

For the purposes of income taxation, the Company and its 100% controlled Australian entity, Goldstar Resources (WA) Pty Ltd elected to form a tax consolidation group from 1 July 2006.

Kamax Resources Limited became a wholly-owned subsidiary member of the Orion Gold NL tax consolidated group with effect from 22 July 2013. The tax implications of this joining event had not been determined at the date of this report.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

5 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary shareholders (adjusted for any interest and other income statement items relating to the potentially dilutive ordinary shares) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and dilutive partly paid contributing shares).

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

a) Basic and diluted profit per share

	2013	2012
	Cents	**Cents**
Basic earnings/(loss) attributable to ordinary equity holders of the Company	(11.88)	13.16
Diluted earnings/(loss) attributable to ordinary equity holders of the Company	(11.88)	9.38

b) Reconciliation of earnings used in calculating earnings per share

	2013	2012
	$	**$**
Profit / (loss) attributable to ordinary shares (diluted)	(8,515,184)	3,873,921

c) Weighted average number of shares

	2013	2012
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	71,701,518	19,124,002
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	71,701,518	41,306,096

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

6 CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Cash at bank and in hand (a)	1,027,779	157,867
	1,027,779	**157,867**

(a) Cash at bank and in hand earns interest at floating rates based on daily bank rates.

	2013 $	2012 $
Reconciliation from the net loss after tax to the net cash flows from operations		
Net profit/(loss)	(8,515,184)	2,516,668
Adjustments for:		
Depreciation	98,470	116,639
Employee entitlements provided	29,554	52,992
Mine rehabilitation provided	230,000	-
Insurance recoveries	(55,364)	-
Convertible note revaluation	5,968,066	(5,492,439)
Share options expensed	8,404	119,628
Deferred exploration, evaluation and development impairment	76,677	980,313
(Gain)/loss on disposal of plant and equipment	52,769	(26,788)
Net impact of non-cash settlement of directors fees	(24,626)	-
Exploration acquired through Kamax acquisition	884,829	-
Changes in assets and liabilities:		
(Increase)/decrease in exploration expenditures	(1,847,248)	(1,327,267)
(Increase)/decrease in trade and other receivables	3,260	(8,352)
(Increase)/decrease in inventories	836	(16,892)
(Increase)/decrease in prepayments	(225)	5,080
(Decrease)/increase in trade and other payables	374,044	185,518
Net cash used in operating activities	**(2,715,738)**	**(2,894,900)**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

7 TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Current receivables:		
Other receivables	29,661	33,238
Interest receivable	2,627	2,310
	32,288	**35,548**
Non-current receivables:		
Security deposits and environmental bonds (a)	390,886	363,345
	390,886	**363,345**

Other receivables are non-interest bearing and are generally on 30-day terms.

(a) Security deposits is cash placed on deposit to secure bank guarantees in respect of obligations entered into for office rental obligations and environmental performance bonds issued in favour of the Victorian Department of Primary Industries and Government of Western Australia. These deposits are not available to finance the Group's day to day operations.

8 INVENTORIES

	2013 $	2012 $
Fuel inventory	17,189	18,025
	17,189	**18,025**

9 PROPERTY, PLANT AND EQUIPMENT

	2013 $	2012 $
Opening cost - 1 July	4,481,860	4,444,122
Accumulated depreciation	(2,330,469)	(2,283,507)
Accumulated impairment loss	(1,882,820)	(1,882,820)
Opening written down value	**268,571**	**277,795**
Additions	42,978	115,516
Disposals/write offs	(52,769)	(8,101)
Depreciation charge for the year	(98,470)	(116,639)
Written down value at 30 June	**160,310**	**268,571**

10 DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT

	2013 $	2012 $
Opening cost	8,653,908	8,306,954
Expenditure incurred	1,758,604	1,979,706
Exploration and evaluation acquired (c)	884,829	-
Exploration, evaluation and development	**11,297,341**	**10,286,660**
Exploration expensed (a)	(719,508)	(652,439)
Impairment (b)	(76,677)	(980,313)
Total exploration, evaluation and development at 30 June	**10,501,156**	**8,653,908**

(a) During the year ended 30 June 2013 the Group incurred exploration expenditure of $719,508 which under the Group's deferred exploration, evaluation and development policy did not qualify and was expensed.

(b) As at 30 June 2013 the Group undertook a review of the carrying value of each area of interest. As a result, the carrying value of deferred exploration, evaluation and development expenditure in the balance sheet as at 30 June 2013 was written down by $76,677 due 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. The write down relates to deferred exploration, evaluation and development expenditure at the Walhalla exploration project.

(c) The Company announced on 22 March 2013 that it had entered into a binding heads of agreement to facilitate the acquisition of all of the securities in an unlisted company, Kamax (the 'Acquisition'). On 27 May 2013, the Company announced that it had completed its due diligence and executed all share sale agreements relating to the Acquisition, which constituted 100% acceptance from Kamax security holders for the offer. Following this, on 13 June 2013, the Company obtained shareholder approval for the issue of the Company's shares and options to Kamax security holders in consideration for their Kamax securities. The Company obtained control of Kamax at this date as the outstanding conditions precedent at the time were considered administrative in nature, and the Company deemed management took control of the assets on 13 June 2013. The acquisition is therefore recognised on 13 June 2013.

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

Exploration and evaluation assets include $7,590,676 in relation to exploration licence 3311, situated at the Walhalla exploration project in Victoria. The exploration licence associated with this tenement is due to be renewed by the Department of Environment and Primary Industries in November 2013 for a twelve month period ending November 2014. The Company has been notified by the Department of Environment and Primary Industries that renewal of exploration licence 3311 after November 2014 will only be possible in exceptional circumstances. The Group is presently holding ongoing discussions in relation to this application. The Company has made application for a retention licence for an area within exploration licence 3311, which contains the Company's gold resources. The Company fully expects that the retention licence will be granted. Should the exploration licence not be renewed and/or the retention licence not be granted, then the carrying value of the capital exploration for exploration licence 3311 may need to be expensed.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

11 EMPLOYEE BENEFITS

Orion Gold NL option and performance rights plan
The Group has an Option and Performance Rights Plan (OPRP) for the granting of options or performance rights to employees.

The directors consider it desirable to maintain an option and performance rights plan under which selected employees and executives of the Company may be offered the opportunity to participate in the issue of options in the Company in order to increase the range of potential incentives and to strengthen links between the Company, its directors and employees.

Options and rights issued under the OPRP will vest when both the following conditions have been met:
(i) the employee continues to be an employee in the service of the Group; and
(ii) when the employee has completed at least one full year of employment.

Other relevant terms and conditions applicable to options and rights granted under the OPRP are determined by the Board in its discretion with respect to that option at the time of grant of that option. Upon exercise, these options will be settled in ordinary shares of the Company.

Set out below are summaries of options granted to directors, employees and contractors either under the Company's OPRP approved by shareholders or approved by shareholders at a General Meeting of shareholders:

Grant date	Expiry date	Exercise price	Balance at start of the year (i)	Granted during the year	Exercised during the year	Expired during the year (ii) (iii)	Forfeited during the year	Balance at end of the year	Exercisable at end of the year
Consolidated – 2013									
12-June- 09	31-Mar-14	$0.40	500,000	-	-	-	-	500,000	500,000
24-Jun-09	31-Mar-14	$0.40	1,000,000	-	-	-	-	1,000,000	1,000,000
30-Jun-09	31-Jul-14	$0.40	625,000	-	-	-	-	625,000	625,000
26-Nov-09	31-Mar-14	$0.80	375,000	-	-	(375,000)	-	-	-
13-Sep-10	30-Jun-15	$1.60	50,000	-	-	-	-	50,000	50,000
13-Sep-10	30-Jun-15	$0.00	10,625	-	-	-	-	10,625	10,625
20-Dec-11	30-Nov-16	$0.80	375,000	-	-	(375,000)	-	-	-
Total			**2,935,625**	**-**	-	**(750,000)**	**-**	**2,185,625**	**2,185,625**
Weighted average exercise price			**$0.52**	**-**	-	**$0.80**	**-**	**$0.43**	**$0.43**

(i) In accordance with the terms of the options and performance rights, following the 1:40 consolidation of shares that occurred in December 2012, the number of options and performance rights issued prior to December 2012 were consolidated in the same 1:40 ratio as the ordinary capital.
(ii) 187,500 options expired 60 days subsequent to the date on which Mr Roberts ceased to be a director of the Company and 187,500 options which had not vested on the date on which Mr Roberts ceased to be a director of the Company, expired on the date on which Mr Roberts ceased to be a director of the Company.
(iii) 375,000 options expired 60 days subsequent to the date on which Mr Sloan ceased to be a director of the Company.

11 EMPLOYEE BENEFITS (continued)

Grant date	Expiry date	Exercise price	Balance at start of the year (i)	Granted during the year (i)	Exercised during the year	Expired during the year	Forfeited during the year (i) (ii)	Balance at end of the year (i)	Exercisable at end of the year (i)
Consolidated – 2012									
12-June- 09	31-Mar-14	$0.40	500,000	-	-	-	-	500,000	500,000
24-Jun-09	31-Mar-14	$0.40	1,000,000	-	-	-	-	1,000,000	1,000,000
30-Jun-09	31-Jul-14	$0.40	625,000	-	-	-	-	625,000	625,000
26-Nov-09	31-Mar-14	$0.80	375,000	-	-	-	-	375,000	375,000
13-Sep-10	30-Jun-15	$1.60	50,000	-	-	-	-	50,000	50,000
13-Sep-10	30-Jun-15	$0.00	12,250	-	-	-	(1,625)	10,625	10,625
20-Dec-11	30-Nov-16	$0.80	-	375,000	-	-	-	375,000	-
Total			**2,562,250**	**375,000**	-	-	**(1,625)**	**2,935,625**	**2,560,625**
Weighted average exercise price			**0.48**	**0.80**	-	**-**	**-**	**0.52**	**0.48**

(i) In accordance with the terms of the options and performance rights, following the 1:40 consolidation of shares that occurred in December 2012, the number of options and performance rights issued prior to December 2012 were consolidated in the same 1:40 ratio as the ordinary capital.

(ii) 65,000 (1,625 post consolidation) rights were forfeited as an employee did not satisfy the conditions of being employed for at least one full year.

The fair values of the options are estimated at the date of grant using the Black Scholes model. The following table gives the assumptions made in determining the fair value of the options granted in the year to 30 June 2013. The Company did not grant any options to employees or executives during the year ended 30 June 2013. Refer to remuneration report for options granted by the Company post 30 June 2013.

	2013	2012	2011	2010	2009
Dividend yield (%)	-	-	-	-	-
Expected volatility (%)	-	100	100	100	100
Risk-free interest rate (%)	-	4.45	4.5	5.1	4.68
Expected life of option (years)	-	2	2	4	4
Option exercise price ($0.00)	-	0.80	1.60	0.80	0.40
Share price at grant date ($0.00)	-	0.40	0.88	2.04	1.32

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The weighted average contractual life for the share options outstanding as at 30 June 2013 is between 1 and 2 years (2012: 2 and 4 years).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

12 TRADE AND OTHER PAYABLES

	2013 $	2012 $
Current		
Trade payables	346,019	152,985
Accruals	506,525	325,515
	852,544	**478,500**

Trade payables are non-interest bearing and are normally settled on 30 – 60 day terms. For terms and conditions relating to Related Parties refer to note 20.

13 PROVISIONS

Current		
Rehabilitation (i)	230,000	-
Employee benefits - annual leave	117,545	88,034
	347,545	**88,034**
Non-current		
Employee benefits - long service leave	24,100	24,057
	24,100	**24,057**
Total	**371,645**	**112,091**

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

14 ISSUED CAPITAL AND RESERVES

	2013 $		2012 $
Ordinary shares			
Issued and fully paid	63,670,907		43,933,657

	Number of Shares	Issue/ Exercise Price	$
Movement in ordinary shares on issue			
Opening balance	764,960,097	-	43,931,306
Issue of fully paid ordinary shares (i)	57,370,000	$0.0025	143,425
Conversion of convertible note (iii)	2,088,441,838	-	14,499,160
Consolidation of shares at 40:1 (ii)	(2,838,002,309)	-	-
Issue of ordinary fully paid shares – repayment of loan	18,792,278	$0.10	1,879,228
Issue of fully paid ordinary shares	30,150,000	$0.10	3,015,000
Issue of fully paid ordinary shares – director fees	2,937,782	$0.10	293,778
Issue of fully paid ordinary shares – share purchase plan	2,810,000	$0.10	281,000
Issue of fully paid ordinary shares	250,000	$0.10	25,000
Less: issue costs	-	-	(399,341)
At 30 June	**127,709,686**		**63,668,556**

14 ISSUED CAPITAL AND RESERVES (continued)

	2013 $	2012 $
Contributing shares		
Partly paid to 0.1 cents (9.9 cents outstanding)	2,351	2,351

	Quantity	$
Movement in contributing shares fully paid		
Opening balance	2,351,000	2,351
Consolidation of shares at 40:1	(2,292,225)	-
At 30 June 2013	58,775	2,351
Total issued capital at 30 June 2013	**127,768,461**	**63,670,907**

(i) The issue of fully paid ordinary shares was a pre-consolidation placement.

(ii) Consolidation of the Company's share capital through the conversion of every 40 shares into one share took effect from 21 December 2012. Where the consolidation of a shareholder's holding resulted in an entitlement to a fraction of a share, the fraction was rounded up to the nearest whole number of shares.

(iii) The convertible note liability ($7,495,975), and convertible note derivative ($7,003,185) ('Notes') were converted into ordinary shares on 19 December 2012 following an agreement with Silja, under which the value of the Notes and related capitalised interest payable, calculated as if the Notes were held to maturity were converted at an agreed rate of $0.0042. The agreed rate of $0.0042 is higher than the conversion rate of $0.0025 that Silja would have been entitled to, had the re-negotiation described above not occurred, resulting in Silja forgoing $5,638,455. Further details in relation to the conversion of the notes are set out in note 15.

Share based payments reserve

	2013 $	2012 $
Share based payments:		
Opening balance	2,753,639	2,634,011
Share based payments expense	41,621	119,628
Unlisted share options not vested (i)	(33,217)	-
Unlisted share options expired and transferred to accumulated losses (ii)	(2,079,093)	-
Kamax acquisition (Obligation to issue)	778,823	-
At 30 June	**1,461,773**	**2,753,639**

Nature and purpose of reserves

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. Refer to Note 11 for further details of these plans.

(i) Prior to year-end, service based vesting conditions attached to previously granted options were not satisfied. Accordingly, on a cumulative basis, no amount is recognised for the services received.

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

Share based payments acquisition consideration

On 27 May 2013, the Company announced that it had completed its due diligence and executed all share sale agreements relating to the acquisition of Kamax, which constituted 100% acceptance from Kamax security holders for the offer.

FOR THE YEAR ENDED 30 JUNE 2013

14 ISSUED CAPITAL AND RESERVES (continued)

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

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

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

Dividend yield (%)	-
Expected volatility (%)	100%
Risk-free interest rate (%)	2.86%
Expected life of option (years)	0.9
Option exercise price ($0.00)	$0.20
Share price at grant date ($0.00)	$0.06

15. CONVERTIBLE NOTES

	2013 $	2012 $
Convertible notes – Derivative		
Opening balance	1,946,312	9,377,684
Fair value movement in convertible note - derivative	5,056,873	(7,431,372)
Extinguishment of convertible notes derivative liability as a result of conversion on 19 December 2012	(7,003,185)	-
Closing balance	**-**	**1,946,312**
Convertible notes - liability		
Opening balance	6,584,782	4,645,849
Effective interest rate expense (i)	569,007	1,257,272
Interest expense	342,186	681,661
Extinguishment of convertible notes derivative liability as a result of conversion on 19 December 2012	(7,495,975)	-
Closing balance	**-**	**6,584,782**

(i) Effective interest rate expense includes both interest unwinding and borrowing costs.

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

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

15. CONVERTIBLE NOTES (continued)

The issue of the convertible notes was subject to the satisfaction of a number of conditions precedent, including shareholder approval, which was given at a general meeting of the Company held on 25 November 2008. The first tranche note was issued on that date, and the second and third tranche notes were issued on 24 June 2009. As a result of the issue of convertible notes and in accordance with the converting loan agreement the holder of the convertible notes, Silja has a fixed and floating charge over the assets of the Company.

The convertible notes issued to Silja comprise a liability component and a conversion option in the hands of Silja.

The liability component of the convertible notes accrued interest at 9% per annum (compounding annually) and was due to be repaid as at 31 August 2013 (if not converted earlier). The liability component balance of the convertible note was accreted up to the face value over the life of the convertible note under the effective interest method.

The conversion option in the convertible note allows the holder to convert the outstanding principal and accrued interest balance at any point in time at a conversion rate of 1 share for the lower of:

i) $0.10 (i.e. the shares will have an issue price of $0.10 each); and
ii) The lowest price at which the Company issue any new shares prior 31 August 2013.

Prior to maturity on 31 August 2013, the holder is only able to convert the outstanding amount to shares in the Company. The holder does not have a right to demand cash to settle the outstanding amount prior to this date.

On 29 September 2010, the Company renegotiated the terms of the converting loan agreement which enabled the Company at its election, to convert or redeem the remaining convertible notes at maturity. The Company is able to offer to settle the outstanding amount in cash but the holder is unable to request repayment in cash. However, the holder is able to demand settlement in shares at that point in time.

On 12 October 2012 the Company announced its intention to undertake a number of steps to restructure its capital and debt position and to raise funds through capital raisings. The intended restructure included conversion of all convertible notes on issue to shares in the Company.

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

The aggregate amount of the convertible note liability at 30 June 2013 is $nil (2012: $8,531,094).

Notes to the Consolidated Financial Statements

16 LOAN

On 29 September 2011 the Company announced that it had entered into a loan agreement for up to $1,500,000 ('Facility') with Silja, the Company's major shareholder. On 13 June 2012, the Facility limit increased by $500,000 to $2,000,000 and on 19 September 2012, the Facility limit further increased by $500,000 to $2,500,000. Silja has discretion to make an advance to the Company upon receipt of each drawdown notice.

Under the terms of the Facility, Silja had committed to convert cash drawn down under the Facility to shares, as part of a possible future capital raising subject to various conditions including:

- Shareholder approval where required by law, including the ASX listing rules;
- The capital raising including Silja's allocation being a minimum of $1,500,000;
- The capital raising issue price of shares not being less than $0.01 per share; and
- Silja's participation in the capital raising being an amount equivalent to Silja's proportionate shareholding in the Company (approximately 27% as at the date the Company entered into the Facitily) up to the Facility limit.

Shares would be issued to Silja on the same terms as shares issued to other subscribers as part of a capital raising.

On 12 October 2012 the Company announced its intention to undertake a number of steps to restructure its capital and debt position and to raise funds through capital raisings. The intended restructure included the issue of shares to Silja of up to $1,879,228 as a reduction of the amount owed by the Company to Silja.

Following the Company's share consolidation, on 21 December 2012, the Company issued Silja 18,792,278 fully paid ordinary shares resulting from Silja's election to subscribe for its full Capital Raising Allocation as described in the Company's Notice of Annual General Meeting dated 22 October 2012. Silja was issued 18,792,278 shares at $0.10 per share, with one option (exercisable at $0.20 at any time until 31 March 2014) attached to each share, thereby reducing the amount of a loan owed by the Company to Silja by $1,879,228. As stated above, the terms of Facility included Silja's commitment to convert cash drawn down under the Facility to shares providing that the issue price of shares was not less than $0.01 per share. Conversion of cash drawn down under the Facility to shares at a conversion rate of $0.10 per share ($0.0025 pre consolidation), with one option (exercisable at $0.20 at any time until 31 March 2014) attached to each share, was agreed to with Silja as part of the restructure of the Company's capital and debt position.

As at 30 June 2013, the balance of the Facility was $102,281 (30 June 2012: $1,581,509). Interest expense accrued as at 30 June 2013 was $86,586 (30 June 2012: $38,533). Silja has a fixed and floating charge over the assets of the Company.

The Company announced on 1 July 2013 that it has finalised a variation to the Facility. See note 21.

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

Overview
The Group has exposure to the following risks from its use of financial instruments:

- Market risk.
- Credit risk.
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's principal financial instruments are cash, short-term deposits, receivables, loan and payables.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income and expenses or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Equity price risk
During the year, the Company converted all of the convertible notes and applicable interest on the convertible notes into fully paid ordinary shares. As a result of this conversion, the Group is not subject to equity price risk movement.

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the group uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and investment decisions are governed by the monetary policy. The Group's only variable rate interest bearing liability is the loan (refer note 16). Interest on the loan is capitalised at a margin of 1.5% over the 90-day dealers' bill rate (re-set every 90 days). It is the Group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

FOR THE YEAR ENDED 30 JUNE 2013

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

Consolidated - 30 June 2013	Fixed interest rate maturing in					
	Floating interest rate $	**1 Year or less $**	**Over 1 to 5 years $**	**More than 5 years $**	**Non-interest bearing $**	**Total $**
Financial assets:						
Cash on hand and at bank	1,027,779	-	-	-	-	1,027,779
Trade and other receivables	-	390,886	-	-	32,288	423,174
Total	**1,027,779**	**390,886**			**32,288**	**1,450,953**
Weighted average interest rate	2.76%	4.84%	-	-	-	
Financial liabilities:						
Loan	-	102,281	-	-	-	102,281
Trade and other payables	-	-	-	-	852,544	852,544
Total		**102,281**			**852,544**	**954,825**
Weighted average interest rate		5.04%	-	-	-	

Consolidated - 30 June 2012	Fixed interest rate maturing in					
	Floating interest rate $	**1 Year or less $**	**Over 1 to 5 years $**	**More than 5 years $**	**Non-interest bearing $**	**Total $**
Financial assets:						
Cash on hand and at bank	157,867	-	-	-	-	157,867
Trade and other receivables	-	363,345	-	-	35,548	398,893
Total	**157,867**	**363,345**	**-**	**-**	**35,548**	**556,760**
Weighted average interest rate	4.09%	5.56%	-	-	-	
Financial liabilities:						
Convertible note - liability	-	-	6,584,782	-	-	6,584,782
Loan	-	1,581,509	-	-	-	1,581,509
Trade and other payables	-	-	-	-	478,500	478,500
Total	**-**	**1,581,509**	**6,584,782**	**-**	**478,500**	**8,644,791**
Weighted average interest rate	-	5.56%	9.00%	-	-	

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis for 2012.

Consolidated - 30 June 2013	**Carrying value $**	**Profit or loss**		**Equity**	
		100bp increase $'000	**100bp decrease $'000**	**100bp increase $'000**	**100bp decrease $'000**
Cash on hand and at bank	1,027,779	10	(10)	-	-
Trade and other receivables	32,288	-	-	-	-
Cash flow sensitivity (net)		**10**	**(10)**	**-**	**-**
Consolidated - 30 June 2012					
Cash on hand and at bank	157,867	2	(2)	-	-
Trade and other receivables	35,548	-	-	-	-
Cash flow sensitivity (net)		**2**	**(2)**	**-**	**-**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. This risk is minimised by reviewing term deposit accounts from time to time with approved banks of a sufficient credit rating which is AA and above. The Company does not place funds on terms longer than 12 months and has the facility to place the deposit funds with more than one bank.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

Consolidated	**Carrying amount 2013 $**	**2012 $**
Cash on hand and at bank	1,027,779	157,867
Trade and other receivables	32,288	35,548
Security deposits and environmental bonds	390,886	363,345
	1,450,953	**556,760**

Notes to the Consolidated Financial Statements

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Impairment losses
There is no doubtful debt provision for other receivables (2012: Nil).

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Refer to note 2(a) for a summary of the Group's current plans for managing its liquidity risk.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The following are the contractual maturities of financial liabilities:

Consolidated - 30 June 2013	Carrying amount $	Contractual cash flows $	1 year or less $	2 – 5 years $
Trade and other payables	852,544	852,544	852,544	-
Convertible note – liability (i)	-	-	-	-
Loan	102,281	102,281	102,281	-
	954,825	**954,825**	**954,825**	**-**

Consolidated - 30 June 2012	Carrying amount $	Contractual cash flows $	1 year or less $	2 – 5 years $
Trade and other payables	478,500	478,500	478,500	-
Convertible note – liability (i)	6,584,782	-	-	-
Loan	1,581,509	1,581,509	1,581,509	-
	8,644,791	**2,060,009**	**2,060,009**	**-**

(i) During the year, the Company completed a capital restructure that resulted in the Convertible note – liability being converted into fully paid ordinary shares. Refer to note 15 for further detail.

Fair value of financial assets and liabilities
The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Group is equal to their carrying value.

Foreign currency risk
The Group's exposure to currency risk is minimal at this stage of the operations.

Commodity price risk
The Group's exposure to price risk is minimal at this stage of the operations.

Capital management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The management of the Group's capital is performed by the Board.

The Board manages the Group's liquidity ratio to ensure that it meets its financial obligations as they fall due and specifically allowing for the expenditure commitments for its mining tenements to ensure that the Group's main assets are not at risk.

Refer to note 2(a) for a summary of the Group's current plan for managing its going concern.

None of the Group's entities are subject to externally imposed capital requirements.

18 FINANCIAL INSTRUMENTS

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

CONSOLIDATED	Level 1 ($)	Level 2 ($)	Level 3 ($)
30 June 2013			
Derivative financial liabilities			
Convertible note - derivative	-	-	-
	-	**-**	**-**
30 June 2012			
Derivative financial liabilities			
Convertible note - derivative	-	(1,946,312)	-
	-	**(1,946,312)**	**-**

In order to determine the fair value of such debt securities, management used a valuation technique in which all significant inputs were based on observable market data. There have been no transfers in either direction during the year ended 30 June 2013 (2012: no transfers in either direction).

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown on the balance sheet, are as follows:

		Carrying amount		Fair value	
		2013 $	2012 $	2013 $	2012 $
CONSOLIDATED	**Notes**				
Financial assets					
Cash – floating rate interest	6	1,027,779	157,867	1,027,779	157,867
Total cash and short term deposits		1,027,779	157,867	1,027,779	157,867
Trade receivables – current	7	32,288	35,548	32,288	35,548
Trade receivables – non current interest bearing	7	390,886	363,345	390,886	363,345
Total receivables		423,174	398,893	423,174	398,893
Total financial assets		**1,450,953**	**556,760**	**1,450,953**	**556,760**
Financial liabilities					
Trade payables - non interest bearing	12	(852,544)	(478,500)	(852,544)	(478,500)
Loan	16	(102,281)	(1,581,509)	(102,281)	(1,581,509)
Convertible note - liability		-	(6,584,782)	-	(6,584,782)
Convertible note - derivative		-	(1,946,312)	-	(1,946,312)
Total payables		(954,825)	(10,591,103)	(954,825)	(10,591,103)
Net financial assets		**496,128**	**(10,034,343)**	**496,128**	**(10,034,343)**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

19 COMMITMENTS AND CONTINGENCIES

Rental property commitments
The Group has entered into a commercial lease for office space in Melbourne, Victoria, for three years (expiring August 2014).

There are no restrictions placed upon the lessee by entering into these leases apart from the 12 month commitment from the agreement dates.

Future minimum rentals payable under non-cancellable commercial leases as at 30 June are as follows:

	2013 $	2012 $
Within one year	68,203	51,126
After one year but not more than five years	8,997	57,531
More than five years	-	-
	77,200	**108,657**

Guarantees
The Company has the following bonds at 30 June 2013:
- The Group has negotiated bank guarantees in favour of rental agreements. The total of these guarantees at 30 June 2013 was $12,925 (2012: $12,925).

Tenement commitments – Australia
The Group has a portfolio of tenements located in Victoria and Western Australia, which all have a requirement for a certain level of expenditure each and every year in addition to annual rental payments for the tenements. Future minimum expenditure commitments as at 30 June are as follows:

	2013 $	2012 $
Within one year	991,160	632,160
After one year but not more than five years	3,964,640	2,528,640
More than five years	-	-
	4,955,800	**3,160,800**

Guarantees
The Company has the following contingent liabilities at 30 June 2013:
- The Group has negotiated bank guarantees in favour of the Victorian Government for rehabilitation obligations of mining tenements. The total of these guarantees at 30 June 2013 was $230,000 (2012: $230,000).
- It has guaranteed to cover the directors and officers in the event of legal claim against the individual or as a group for conduct which is within the Company guidelines, operations and procedures.

Provision for rehabilitation
The state government regulations in the various states in which the Company operates require rehabilitation of drill sites including any other sites where the Company has caused surface and ground disturbance. The costs are not of a material nature and vary across disturbance sites. To date rehabilitation has taken place on drill sites as drill rigs are moved as part of the exploration program when drilling in a particular area of interest is complete or not active for an extended period of time due to other drilling project priorities.

As part of the Group's environmental policy exploration and access sites are regenerated to match or exceed local government and state government expectations. The costs are not considered to be material by the group however this policy will be reviewed as exploration and development activities increase as the Company moves closer towards commercial production.

19 COMMITMENTS AND CONTINGENCIES (continued)

During the year, the Company commenced decommissioning of the skipway which was used by the Company in the taking of the underground bulk sample at the Walhalla Gold Project's Eureka adit. Decommissioning as associated site rehabilitation was completed in August 2013 (see Note 13).

It is expected that most of these costs will not be significant in the next financial year and will be expensed as incurred.

20 RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of the Company and the subsidiary's listed in the following table.

	Country of incorporation	Equity interest 2013 %	Equity interest 2012 %	Investment 2013 $	Investment 2012 $
Goldstar Resources (WA) Pty Ltd	Australia	100	100	1	1
Kamax Resources Limited	Australia	100	-	778,823	-

Orion Gold NL is the ultimate Australian parent entity incorporated in Australia.

Subsidiaries
An inter-company loan exists between Orion Gold NL (parent) and:
(i) Goldstar Resources (WA) Pty Ltd (subsidiary) of $1,946,300 (2012: $1,946,300). A provision for impairment of $1,946,300 (2012: $1,946,300) has been recognised in relation to this loan;
(ii) Kamax Resources Limited (subsidiary) of $25,750 (2012: $nil). A provision for impairment of $nil (2012: $nil) has been recognised in relation to this loan.

Terms and conditions of transactions with related parties
Sales to and purchases from related parties are made on arms-length transactions at both normal market prices and normal commercial terms. Refer to remuneration report and note 23 for transactions with key management personnel.

Consolidated related parties	Transaction	Transactions value 2013 $	Transactions value 2012 $	Balance outstanding 2013 $	Balance outstanding 2012 $
Nil	Nil	-	-	-	-
Total		**-**	**-**	**-**	**-**

Other related party transactions
During the year, the Group converted the convertible note into fully paid ordinary shares in the Company and currently still has outstanding a loan with Silja, its major shareholder. Details of these facilities are below:

- During the year ended 30 June 2013, the Company under the terms of the convertible note agreement with Silja, incurred an interest expense of $342,186 (2012: $681,661).

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

20 RELATED PARTY DISCLOSURE (continued)

- On 29 September 2011, the Company announced that it had entered into a loan agreement for up to $1,500,000 ('Facility') with Silja, the Company's major shareholder. On 13 June 2012, the Company announced that it had renegotiated the Facility whereby the Facility limit increased by $500,000 to $2,000,000 and on 19 September 2012, the Company announced that it had renegotiated the Facility whereby the Facility limit increased by $500,000 to $2,500,000.

  On 12 October 2012 the Company announced its intention to undertake a number of steps to restructure its capital and debt position and to raise funds through capital raisings. The intended restructure included the issue of shares to Silja of up to $1,879,228 as a reduction of the amount owed by the Company to Silja.

  During the year ended 30 June 2013, a further $400,000 was drawn down by the Company under the terms of the Facility, increasing the total amount drawn down to $1,981,509.

  Following the Company's share consolidation, on 21 December 2012, the Company issued Silja 18,792,278 fully paid ordinary shares resulting from Silja's election to subscribe for its full Capital Raising Allocation as described in the Company's Notice of Annual General Meeting dated 22 October 2012. Silja was issued 18,792,278 shares at $0.10 per share, with one option (exercisable at $0.20 at any time until 31 March 2014) attached to each share, thereby reducing the amount of a loan owed by the Company to Silja by $1,879,228. As stated above, the terms of Facility included Silja's commitment to convert cash drawn down under the Facility to shares providing that the issue price of shares was not less than $0.01 per share. Conversion of cash drawn down under the Facility to shares at a conversion rate of $0.10 per share ($0.0025 pre consolidation), with one option (exercisable at $0.20 at any time until 31 March 2014) attached to each share, was agreed to with Silja as part of the restructure of the Company's capital and debt position.

  On 1 July 2013, the Company announced that it had renegotiated the Facility. Refer to note 21.

21 SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years except for those matters referred to below:

- On 22 July 2013, the Company announced that all conditions precedent to the completion of the Kamax Resources Limited acquisition had been met to the satisfaction of the Company. As a result, on 22 July 2013 the Company issued Kamax's security holders a total of 12,040,086 fully paid ordinary shares in the Company and 12,040,086 unlisted options in the Company (exercisable at 20 cents at any time until 30 April 2014). As part of the transaction, Mr Bill Oliver (the Company's Chief Operating Officer) acquired 3,096,086 shares and 3,096,086 options in the Company.

  Kamax became a wholly-owned subsidiary member of the Orion Gold NL tax consolidated group with effect from 22 July 2013. The tax implications of this joining event had not been determined at the date of this report.

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

  - the Facility limit is $2,000,000;
  - the Facility expiry date has been extended to 31 December 2013;

21 SUBSEQUENT EVENTS AFTER THE BALANCE DATE (continued)

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

Otherwise, the terms of the Facility remain substantially unchanged.

No facility fee is payable by the Company to Silja. Silja has a fixed and floating charge over the assets of the Company.

Interest is capitalised under the Facility at a margin of 1.5% over the 90-day dealers' bill rate (re-set every 90 days). In order to draw on the Facility, the Company must meet certain conditions precedent including the continued employment of key personnel.

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

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

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

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

  The Company will acquire a 70% interest in seven tenements covering 2,628km^2 of the northern Fraser Range Belt which the Company believes are prospective for nickel-copper mineralisation. In addition, historical exploration in the area has identified potential for gold, PGE and chromite mineralisation. The tenements surround the Company's existing Peninsula tenement where recent exploration advances have been achieved.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

21 SUBSEQUENT EVENTS AFTER THE BALANCE DATE (continued)

Key terms of the Term Sheet are set out below:

- Subject to the conditions below, the Creasy Group will be issued a total of 15,800,000 fully paid ordinary shares ('Consideration Shares') and 23,000,000 unlisted options in the Company, on the following terms:

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

  The Consideration Shares will be subject to a 12-month voluntary escrow period from their date of issue;

- The Creasy Group will retain of a 30% free-carried interest in the projects up to the completion of any bankable feasibility studies;

- The Acquisition is subject to:
  - due diligence to be conducted by the Company;
  - all necessary waivers and consents under any third party agreements including, but not limited to, heritage agreements or native title consents being obtained;
  - finalisation of a tenement sale and purchase/joint venture agreement (to be executed on or before 31 October 2013);
  - The Company raising a minimum of $4,000,000 at a minimum issue price of 10 cents per share ('Capital Raising'); and
  - the issues of shares and options to the Creasy Group and pursuant to the Capital Raising being approved by the Company's shareholders.

- Completion of the Acquisition will occur by no later than 31 January 2014, failing which the parties will be released from their obligations under the Term Sheet.

As at the date of this report the Company has at a general meeting of its shareholders held on 26 September 2013, obtained approval for the issue of the Consideration Shares and for the Capital Raising, is continuing its due diligence related to the Acquisition and expects to finalise the tenement sale and purchase/joint venture agreement shortly. The Company is planning work programs to be initiated on the tenements following completion of the Acquisition.

- The Company announced on 21 August 2013, that it is raising funds through a capital raising. On 28 August 2013, the Company completed the first stage of the capital raising by issuing 17,440,000 ordinary shares at 10 cents per share pursuant to a placement to raise $1,744,000 ('Placement 1'). The second phase of the capital raising ('Placement 2') involves a further placement of up to 25,060,000 shares to raise up to a total of $2,506,000 of new funds and the grant 42,500,000 options to investors issued shares under either Placement 1 or Placement 2 on the basis of one attaching option granted for each share issued. The Company held a general meeting of shareholders on 26 September 2013 and obtained approval from its shareholders for the issue of shares and options subscribed for under Placement 1 and Placement 2.

22 AUDITORS' REMUNERATION

	2013 $	2012 $
Amounts received or due and receivable by KPMG Australia for:		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	54,000	54,000
Other services in relation to the entity and any other entity in the consolidated entity		
(a) tax compliance	6,000	7,000
(b) other advisory	-	-
	60,000	61,000
Amounts received or due and receivable by auditors other than KPMG Australia for:		
An audit or review of the financial report of consolidated entities	-	-
	60,000	61,000

23 KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

(i)Specified directors

Mr Denis Waddell	Chairman (Non-Executive)	Appointed	27 February 2009
Mr Errol Smart	Managing Director/CEO	Appointed	26 November 2012
Mr Alexander Haller	Director (Non-executive)	Appointed	23 July 2008

(ii) Former specified directors

Mr Graeme Sloan	Director (Non-executive)	Appointed	27 February 2009
		Resigned	3 April 2013
Mr Chris Roberts	Director (Non-executive)	Appointed	7 September 2011
		Resigned	3 April 2013

(iii)Specified executives

Mr Martin Bouwmeester	General Manager – Corporate	Appointed	27 February 2009
		Resigned	31 January 2013
	Chief Financial Officer	Appointed	31 January 2013
	Company Secretary	Appointed	23 September 2009
Mr Bill Oliver	Chief Operating Officer	Appointed	8 May 2013

(iv) Former specified executives

Dr James Anderson	General Manager - Exploration	Appointed	30 June 2009
		Ceased	8 May 2013
Mr Sean Cahoon	Chief Financial Officer	Appointed	30 June 2009
		Resigned	31 January 2013

Notes to the Consolidated Financial Statements

23 KEY MANAGEMENT PERSONNEL (continued)

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	Consolidated 2013 $	Consolidated 2012 $
Short-term employee benefits	934,600	1,001,806
Post-employment benefits	17,695	33,623
Termination benefits	-	-
Other long term benefits	-	-
Share-based payments	8,404	117,427
	960,699	**1,152,856**

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

(c) Option holdings of key management personnel

	Balance at beg of period 01-Jul-12	Granted as remuneration	Expired	Purchased or acquired	Balance at end of period 30-Jun-13	Not vested & not exercisable	Vested & exercisable
Specified directors							
Mr Denis Waddell	1,000,000	-	-	5,000,000	6,000,000	-	6,000,000
Mr Errol Smart	-	-	-	-	-	-	-
Mr Alexander Haller	-	-	-	18,792,278	18,792,278	-	18,792,278
Former							
Mr Graeme Sloan (ii)	375,000	-	(375,000)	500,000	500,000	-	500,000
Mr Chris Roberts (i)	375,000	-	(375,000)	-	-	-	-
Specified executives							
Mr Bill Oliver	-	-	-	-	-	-	-
Mr Martin Bouwmeester	500,000	-	-	-	500,000	-	500,000
Former							
Dr Jim Anderson	250,000	-	-	-	250,000	-	250,000
Mr Sean Cahoon	175,000	-	-	-	175,000	-	175,000
Total	**2,675,000**	**-**	**(750,000)**	**24,292,278**	**26,217,278**	**-**	**26,217,278**

Following the 1:40 consolidation of shares that occurred in December 2012, the number of options issued prior to December 2012 was consolidated in the same 1:40 ratio as the ordinary capital.

(i) 187,500 options expired 60 days subsequent to the date on which Mr Roberts ceased to be a director of the Company and 187,500 options which had not vested on the date on which Mr Roberts ceased to be a director of the Company, expired on the date on which Mr Roberts ceased to be a director of the Company.

(ii) 375,000 options expired 60 days subsequent to the date on which Mr Sloan ceased to be a director of the Company.

23 KEY MANAGEMENT PERSONNEL (continued)

	Balance at beg of period 01-Jul-11	Granted as remuneration	Expired	Purchased or acquired	Balance at end of period 30-Jun-12	Not vested & not exercisable	Vested & exercisable
Specified directors							
Mr Denis Waddell	1,000,000	-	-	-	1,000,000	-	1,000,000
Mr Errol Smart	-	-	-	-	-	-	-
Mr Alexander Haller	-	-	-	-	-	-	-
Mr Graeme Sloan	375,000	-	-	-	375,000	-	375,000
Mr Chris Roberts (i)	-	375,000	-	-	375,000	375,000	-
Specified executives							
Dr Jim Anderson	250,000	-	-	-	250,000	-	250,000
Mr Sean Cahoon	175,000	-	-	-	175,000	-	175,000
Mr Martin Bouwmeester	500,000	-	-	-	500,000	-	500,000
Former							
Mr Shane Hart	250,000	-	-	-	250,000	-	250,000
Total	**2,550,000**	**375,000**	**-**	**-**	**2,925,000**	**375,000**	**2,550,000**

Following the 1:40 consolidation of shares that occurred in December 2012, the number of options issued prior to December 2012 was consolidated in the same 1:40 ratio as the ordinary capital.

(i) The vesting conditions of these options are 50% on 30 November 2012 and 50% on 30 November 2013. The exercisable price of the granted options is $0.80 (post consolidation) and expiry date is 30 November 2016.

(d) Shareholdings of key management personnel

Shares held in Orion Gold NL

	Balance 1-Jul-12 Ordinary (quantity)	Purchased or acquired during the year (quantity)	On options exercised (quantity)	Fully paid contributing shares (quantity)	Disposals of shares (quantity)	Other transfers of shares (quantity)	Balance at end of period 30-Jun-13 (quantity)
Specified directors							
Mr Denis Waddell	125,000	6,562,500	-	-	-	-	6,687,500
Mr Errol Smart	-	40,000	-	-	-	-	40,000
Mr Alexander Haller (i)	5,615,370	71,878,325	-	-	-	-	77,493,695
Former							
Mr Graeme Sloan	-	916,947	-	-	-	-	916,947
Mr Chris Roberts	-	283,334	-	-	-	-	283,334
Specified executives							
Mr Martin Bouwmeester	6,250	-	-	-	-	-	6,250
Mr Bill Oliver	-	-	-	-	-	-	-
Former							
Dr Jim Anderson	-	-	-	-	-	-	-
Mr Sean Cahoon	2,500	-	-	-	-	-	2,500
Total	**5,749,120**	**79,681,106**	**-**	**-**	**-**	**-**	**85,430,226**

(i) Mr Haller holds relevant interests as follows: Silja 76,090,556 ordinary shares and 18,792,278 unlisted options exercisable at $0.20 expiring 31 March 2014, Mr Haller 884,261 ordinary shares, Pershing Securities 1,320 ordinary shares and EPIC Pacific Rim LLC 517,558 ordinary shares.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

23 KEY MANAGEMENT PERSONNEL (continued)

	Balance 1-Jul-11 Ordinary (quantity)	Purchased or acquired during the year (quantity)	On options exercised (quantity)	Fully paid contributing shares (quantity)	Disposals of shares (quantity)	Other transfers of shares (quantity)	Balance at end of period 30-Jun-12 (quantity)
Specified directors							
Mr Denis Waddell	125,000	-	-	-	-	-	125,000
Mr Errol Smart	-	-	-	-	-	-	-
Mr Alexander Haller (i)	5,097,810	517,560	-	-	-	-	5,615,370
Mr Graeme Sloan	-	-	-	-	-	-	-
Mr Chris Roberts	-	-	-	-	-	-	-
Specified executives							
Dr Jim Anderson	-	-	-	-	-	-	-
Mr Sean Cahoon	2,500	-	-	-	-	-	2,500
Mr Martin Bouwmeester	6,250	-	-	-	-	-	6,250
Total	**5,231,560**	**517,560**	**-**	**-**	**-**	**-**	**5,749,120**

(i) Mr Haller holds relevant interests as follows: Silja 5,087,232 ordinary shares, Mr Haller 9,260 ordinary shares, Pershing Securities 1,320 ordinary shares and EPIC Pacific Rim LLC 517,558 ordinary shares.

24 SEGMENT REPORTING

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 Managing Director and Chief Executive Officer reviews internal management reports for this exploration area on monthly basis.

25 PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2013 the parent company of the Group was Orion Gold NL.

	Company	
	2013	2012
	$	$
Result of parent entity		
Profit /(loss) for the period	(8,515,184)	2,516,668
Other comprehensive income	-	-
Total comprehensive income for the period	**(8,515,184)**	**2,516,668**
Financial position of parent entity at year end		
Current assets	1,126,584	272,869
Total assets	12,072,332	9,558,694
Current liabilities	1,183,439	(2,148,043)
Total liabilities (i)	1,207,539	(10,703,194)
Total equity of the parent entity comprising of:		
Issued capital	63,670,907	43,933,657
Accumulated losses	(54,267,887)	(47,831,796)
Other reserves	1,461,773	2,753,639
Total equity	**10,846,793**	**(1,144,500)**

(i) The Convertible notes liability accounts for $nil (2012: $8,531,094) of the total liabilities. The convertible note was converted into fully paid ordinary shares of the Company during the year. Refer to note 15 for further details.

Parent entity contingencies
The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2013	2012
	$	$
Commitments		
Rental property commitments	77,200	108,657
GST liabilities of other entities within the GST group	-	-
Tax liabilities of other entities within the tax consolidated group	-	-

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2013

25 PARENT ENTITY DISCLOSURES (continued)

Parent entity commitments in relation to minimum expenditure on tenements.

	2013 $	2012 $
Tenements		
Minimum expenditure requirement :		
Within one year	991,160	632,160
One year later and no later than five years	3,964,640	2,528,640
Later than five years	-	-
Total	**4,955,800**	**3,160,800**

Directors' Declaration

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

(a) the consolidated financial statements and notes that are set out on pages 39 to 80 and the Remuneration report set out on pages 23 to 29, identified within in the Directors' report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

2 The directors draw attention to Note 2(a) to the consolidated financial statements which the directors have considered in forming their view that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2013.

4 The directors draw attention to Note 2 to the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Denis Waddell
Chairman
Melbourne, Victoria

27 September 2013

Independent Auditor's Report

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

Report on the financial report

We have audited the accompanying financial report of Orion Gold NL (the Company), which comprises the consolidated balance sheet as at 30 June 2013, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

KPMG

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Material uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to note 2, which states the Group has sufficient funds to undertake exploration activities during the next twelve months and to maintain the tenements in good standing. However, the exploration program and budget will be limited unless further funds are raised, to ensure sufficient cash funds are available during the next twelve months from the date of this report. Accordingly, the Group will be required to raise additional equity, consider alternate funding sources or a combination of the foregoing.

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

Report on the remuneration report

We have audited the remuneration report included in pages 13 to 19 of the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Orion Gold NL for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Alison Kitchen

Alison Kitchen
Partner

Melbourne

27 September 2013

ASX Additional Information

Shareholder Information

FOR THE YEAR ENDED 30 JUNE 2013

Shareholdings

At 30 September 2013 the issued share capital of the Company was held as follows:

Distribution of Ordinary and Partly Paid Contributing Shareholders, Option holders and Performance Right Holders

	Fully paid ordinary shares		**Partly paid contributing shares**		**Options**		**Performance rights**	
	No. of holders	No. of shares	No. of holders	No. of options	No. of holders	No. of options	No. of holders	No. of rights
1 - 1,000	998	303,770	-	-	-	-	-	-
1,001 - 5,000	329	818,777	-	-	-	-	3	10,625
5,001 – 10,000	113	834,095	-	-	-	-	-	-
10,001 - 100,000	259	10,801,188	3	(1)58,775	-	-	-	-
100,001 and over	108	145,431,942	-	-	133	91,401,614	-	-
	1,807	158,189,772	3	58,775	133	91,401,614	3	10,625

(1) At the auction of forfeited partly paid shares held at 10.00am 7 August 2008, no shares were sold. Under the terms of the Company Constitution the shares will be held by the directors in trust for the Company and then be disposed of in such manner and on such terms as the directors determine.

Holders of non-marketable parcels

Number of fully paid ordinary shareholders with holdings of less than a marketable parcel was 1,315.

Twenty largest shareholders

As at 30 September 2013, the names of the twenty largest holders of ordinary fully paid shares are:		Ordinary shares	%
1	Silja Investment Limited	76,090,555	48.10%
2	Jemaya Pty Limited	7,759,250	4.91%
3	Tarney Holdings Pty Limited	6,687,500	4.23%
4	Ms Beatty Jeanette Moore	6,002,500	3.79%
5	Delta Resource Management Pty Limited	4,050,000	2.56%
6	Paksian Pty Limited	3,150,000	1.99%
7	Mr WA & Mrs BNN Oliver	3,096,086	1.96%
8	Hudson Bay Investments Pty Limited	2,365,000	1.50%
9	M & S Lynch	2,200,000	1.39%
10	Hay Street Prop Pty Limited	2,000,000	1.26%
11	Cardy & Company Pty Limited	1,400,000	0.89%
12	Quadrio Resources Pty Limited	1,075,000	0.68%
13	Anthony Burke Pty Limited	1,035,135	0.65%
14	Perth Select Seafoods Pty Limited	1,000,000	0.63%
15	Roxtrus Pty Limited	1,000,000	0.63%
16	Zell Pty Limited	1,000,000	0.63%
17	Styletown Investments Pty Limited	1,000,000	0.63%
18	Kinsella Holdings Pty Limited	1,000,000	0.63%
19	Mr Alexander Haller	875,001	0.55%
20	Mitchell Grass Holdings Singapore	860,000	0.54%
		123,646,027	78.16%
Total issued ordinary share capital		158,189,772	

Substantial shareholders

The following shareholders are recorded in the Company's register of substantial shareholders

Holders giving notice	Date of notice	Ordinary shares as at date of notice	% holding as at date of notice
Silja Investment Ltd (1)	28-12-2012	76,608,114	48.43
Alexander Haller (2)	28-12-2012	77,493,695	48.99
Josephine Haller (1)	28-12-2012	76,608,114	48.43

This information is based on substantial holder notifications provided to the Company.

(1) These substantial holdings relate to the same shares.

(2) A total of 76,608,114 ordinary shares relate to the same shares as Silja Investment Ltd and Josephine Haller.

Voting rights

Ordinary shares

Carry a voting right of one vote per share.

Franking credits

The Company has nil franking credits.

ASX Additional Information

TENEMENT SCHEDULE

Project	Tenement	Status	Grant Date	Expiry Date	Holder (1)	Comments
Victoria						
Walhalla	EL3311	Granted	10/11/1993	10/11/2013	ORN	ORN 100%
Toombon	EL4660 (2)	Granted	27/07/2005	26/07/2013	CMS	JV, ORN 85%
Franklin	EL3437 (2)	Granted	16/06/1994	16/06/2013	ORN	JV, ORN 85%
Walhalla	EL5043	Granted	10/10/2007	9/10/2015	ORN	ORN 100%
Walhalla	EL5077 (2)	Granted	3/07/2008	2/07/2013	ORN	ORN 100%
Walhalla	MIN5487	Granted	20/08/2008	19/08/2018	ORN	ORN 100%
Walhalla	EL5340	Granted	6/06/2013	5/06/2016	ORN	ORN 100%
Walhalla	EL5348	Granted	6/06/2013	5/06/2018	ORN	ORN 100%
Walhalla	ELA5042	Application	Application	Application	-	-
Walhalla	RL2004/0	Application	Application	Application	-	-
Queensland						
Aurora Flats	EPM19825	Application	Application	Application	-	-
Aurora Flats South	EPM25283	Application	Application	Application	-	-
Mt Mackenzie South	EPM25122	Application	Application	Application	-	-
Western Australia						
Fraser Range	E28/1298	Granted	16/10/2002	15/10/2013	QUA	KMX 85%
Fraser Range	E28/1299	Granted	16/10/2002	15/10/2013	QUA	KMX 85%
Fraser Range	E28/1345	Granted	10/02/2004	9/02/2014	QUA/KMX	KMX 85%
Fraser Range	E28/1531	Granted	24/11/2005	23/11/2014	QUA	KMX 85%
Fraser Range	E28/2231	Granted	5/12/2012	4/12/2017	GEOB	KMX 90%
Fraser Range	E28/2232	Granted	19/11/2012	18/11/2017	GEOB	KMX 90%
Fraser Range	E28/2292	Granted	9/09/2013	8/09/2018	KMX	KMX 100%
Fraser Range	E39/1653	Granted	20/04/2012	19/07/2017	GRPL	KMX 80%
Fraser Range	E28/2289	Application	Application	Application	-	-
Fraser Range	E28/2290	Application	Application	Application	-	-
Fraser Range	E39/1732	Application	Application	Application	-	-

(1) Holder abbreviations – ORN (Orion Gold NL); CMS (CMS Australia Pty Ltd); GEOB (GeoBase Australia Pty Ltd); GRPL (Geological Resources Pty Ltd); KMX (Kamax Resources Limited); QUA (Quadrio Resources Ltd).

(2) As at 30 September 2013, these renewal applications were still under review with the Victorian Government. There is no indication that these applications will not be renewed.

Notes

Notes

Corporate Directory

DIRECTORS

Mr Denis Waddell (Non-executive Chairman)
Mr Errol Smart (Managing Director/CEO)
Mr Alexander Haller (Non-executive Director)

COMPANY SECRETARY

Mr Martin Bouwmeester

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Suite 302
Level 3, 488 Bourke Street
Melbourne, Victoria 3000
Telephone: +61 3 8080 7170
Facsimile: +61 3 8080 7174
Website: www.oriongold.com.au

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

AUDITORS

KPMG
147 Collins Street
Melbourne
Victoria 3000

STOCK EXCHANGE LISTING

Australian Securities
Exchange (ASX)
ASX Code: ORN

LEGAL ADVISORS

Clayton Utz
Level 18, 333 Collins Street
Melbourne
Victoria 3000

Orion Gold NL

Suite 302, Level 3
488 Bourke Street
Melbourne Victoria 3000
T: +61 3 8080 7170 F: +61 3 8080 7174
W: www.oriongold.com.au