



Orion Gold_{NL}

ABN 76 098 939 274

ANNUAL FINANCIAL REPORT

30 JUNE 2009

CORPORATE DIRECTORY

DIRECTORS

Mr Denis Waddell (Executive Chairman)
Mr Alexander Haller (Non-executive Director)
Mr Graeme Sloan (Non-executive Director)

COMPANY SECRETARY

Mr Martin Bouwmeester

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Level 11, 330 Collins 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 Chartered Accountants
147 Collins Street
Melbourne
Victoria 3000

STOCK EXCHANGE LISTING

The Company is listed on Australian Securities Exchange Limited
Home Exchange – Perth
ASX Code: ORN

SOLICITORS

Steinepreis Paganin
Level 4
16 Milligan Street
Perth WA 6000

Directors' Report

Your directors submit their report for the year ended 30 June 2009.

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	-	Executive Chairman	Appointed 27 February 2009
Mr Alexander Haller	-	Non-executive director	Appointed 27 February 2009
Mr Graeme Sloan	-	Non-executive director	Appointed 23 July 2008
Mr Gordon Hill	-	Chairman	Resigned 27 February 2009
Ms Eileen Carr	-	Non-executive director	Resigned 27 February 2009
Mr Gordon Lewis	-	Managing director	Appointed 1 October 2008 Resigned 2 January 2009
Dr Jeffrey O'Leary	-	Non-executive director	Resigned 27 February 2009
Mr Ian Pankhurst	-	Non-executive director	Resigned 29 November 2008
Mr Andrew King	-	Managing director	Retired 31 August 2008
Mr Peter Hatfull	-	Non-executive director	Appointed 14 July 2008 Resigned 25 November 2008

BOARD OF DIRECTORS

The names and details of the Company directors in office during the financial year and until the date of this report are as follows.

Name	Experience, qualifications , special responsibilities and other directorships
Mr Denis Waddell <i>Executive Chairman (Appt. 27 February 2009)</i>	<p>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.</p> <p>During the past 30 years, Denis has gained considerable experience in corporate finance and operations management of exploration and mining companies. Mr Waddell is also Chairman of Tanami Gold NL.</p> <p>Qualifications ACA, FAICD</p> <p>Directorships in the past three years Tanami Gold NL</p>
Mr Alexander Haller <i>Non-executive Director (Appt. 27 February 2009)</i>	<p>Mr Haller is a partner of Zachary Capital Management, providing advisory services to a number private investment companies including Silja, focusing on the principal investment activities for these companies. From 2001 to 2007 Alexander 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.</p> <p>Qualifications B.Sc. (Economics)</p>

Name	Experience, qualifications, special responsibilities and other directorships
Mr Graeme Sloan <i>Non-executive Director (Appt. 23 July 2008)</i>	<p>Mr Sloan is a Mining Engineer and is currently the Managing Director/CEO of Tanami Gold NL which operates the Coyote Gold Mine in Australia. Graeme was the former Managing Director/CEO of Victorian gold producer Perseverance Corporation Limited between 2002 and 2007.</p> <p>Mr Sloan held a diverse range of senior national and international executive positions and has a strong operational and corporate background.</p> <p>Qualifications B.App Sc. (Min Eng) Diploma in Mine Surveying MAusIMM Member of the Institution of Engineers of Australia</p> <p>Directorships in the past three years Tanami Gold NL Perseverance Corporation Limited</p>
Mr Gordon Hill Chairman <i>(Resigned 27 February 2009)</i>	<p>Mr Hill is a former Minister in the Government of Western Australia, holding senior portfolios including Mines, Trade, Fisheries, Police, and Employment and Training. He served the State of Western Australia in that capacity for 7 years and was a Member of Parliament for over 12 years. Mr Hill developed strategic plans for enhancing investment in the fast-growing mining and petroleum sector and was responsible for introducing policy initiatives that were incorporated into legislation and practice.</p> <p>Mr Hill is a qualified Barrister and Solicitor of the Supreme Court of Western Australia and the High Court of Australia although he is currently not in practice. Mr Hill's commercial and legal experience extends to joint venture and native title negotiations, corporate and business advice and litigation. Mr Hill was a Director and Chairman of the Company from November 2002.</p> <p>Qualifications Qualified Barrister and Solicitor Bachelor of Laws</p> <p>Directorships in the past three years Deep Sea Fisheries Limited Project Biotech Limited New Standard Energy Ltd (formerly Hawk Resources Ltd)</p>
Ms Eileen Carr Non-executive Director (Resigned 27 February 2009)	<p>Ms Carr has over 27 years experience in finance predominately within the resource sector. She is a qualified accountant and was a non-executive Director of the Company from 2003. Ms Carr runs a corporate consultancy business (Bunree Resource Management Ltd) in London which specialises in providing AIM listing advice for UK and International companies. Ms Carr is currently a non-executive Director of Talvivaara Mining Company plc a Finnish nickel company listed on the Main Board of the London Stock Exchange and a non-executive Deputy Chairman of Cluff Gold plc, a company listed on AIM.</p> <p>Qualifications Chartered Certified Accountant (England) FCCA M.Sc Management (London) Sloan Fellow - LBS</p> <p>Directorships in the past three years. Monterrico Metals Plc Talvivaara Mining Company plc Cluff Gold plc</p>

Name	Experience, qualifications, special responsibilities and other directorships
<p>Mr Gordon Lewis <i>Managing Director (Appt. 1 October 2008 and resigned 2 January 2009)</i></p>	<p>Mr Lewis is a mining engineer with over 38 years experience in a range of senior executive positions in the mining industry, including most recently as Chief Executive of Anglo Asian Mining plc, which is developing a copper-gold project in Azerbaijan, and prior to that as a Chief Operating Officer of Alexander Mining plc, managing the that company's portfolio of copper-gold-silver projects in South America.</p> <p>Mr Lewis joined the Goldstar board as Managing Director on 1 October 2008 and resigned on 2 January 2009.</p> <p>Qualifications M.Eng (McGill) B.Eng (Melb) First Class Mine Managers certificate</p> <p>Directorships in the past three years. Anglo Asian Mining plc Alexander Mining plc</p>
<p>Dr Jeffrey O'Leary <i>Non-executive Director (Resigned 27 February 2009)</i></p>	<p>Dr. O'Leary is a mining geologist with over 23 years experience in investment banking. Before retiring in 2005, Dr O'Leary worked at HSBC for 20 years where he was Director of Metals and Mining and was involved in project financing, equity and M&A transactions. Prior to this he was Chief Mine Geologist with RTZ Corporation and was responsible for geology and estimation of ore reserves for Rio Tinto's operations and development projects worldwide.</p> <p>Dr O'Leary is currently a non-executive director of European Goldfields Ltd, Moto Goldmines Ltd. Dr O'Leary joined the Goldstar board in September 2005.</p> <p>Qualifications B. Sc (Mining Geology) - Royal School of Mines PH. D (Geostatistics) - Royal School of Mines Fellow of the Institution of Mining and Metallurgy Chartered Engineer.</p> <p>Directorships in the past three years. Monterrico Metals plc Palladex Plc European Goldfields Ltd Moto Goldmines Ltd</p>
<p>Mr Ian Pankhurst <i>Non-executive Director (Resigned 29 November 2008)</i></p>	<p>Mr Pankhurst is a mining engineer with over 36 years experience in the mining industry. He has experience in both the metalliferous and coal mining sectors. Mr Pankhurst has held a variety of senior management positions within the mining industry and government, including roles in operations, planning and strategic development.</p> <p>Mr Pankhurst currently operates his own consulting business, providing corporate and operational services to mining companies in Australia, Canada, South Africa and Japan. He holds senior management and corporate roles in Mitsui Matsushima Australia and Hunter Mining Services.</p> <p>Qualifications Bachelor Engineering Bachelor of Financial Management Diploma of Risk Management MAusIMM</p>

Name	Experience, qualifications, special responsibilities and other directorships
<p>Mr Andrew King <i>Managing Director (retired 31 August 2008)</i></p>	<p>Mr King retired 31 August 2008. Mr King was a mining engineer with an extensive background in the management and development of mining companies and their operations. He had accumulated over 33 years experience in the mineral resources industry and had been involved with a number of commodities, including gold, base metals, iron ore and coal. Mr King also held qualifications in accounting and financial management and is a member of the Australian Institute of Company Directors.</p> <p>Prior to co-founding Goldstar Resources NL in 2001, Mr King held, for 4 years, the position of General Manager with Tectonic Resources NL and prior to this, he was employed as Operations Manager for Mt Edon Gold Mines (Aust) Pty Ltd.</p> <p>Mr King had responsibilities for fund raising, investor relations, risk identification, strategic direction and overall supervision of the group's operations.</p> <p>Qualifications Diploma of Mining Engineering Certificate of Accounting and Finance MAusIMM MIEAust MAICD</p>
<p>Mr Peter Hatfull Non-executive Director (Appt. 14 July 2008 and resigned 25 November 2008)</p>	<p>Mr Hatfull is a Chartered Accountant with over 30 years experience in a range of senior executive position with Australian and International companies. He has an extensive skill-set in the areas of business optimisation, capital raising and company restructuring.</p> <p>He was most recently Managing Director of the leading integrated metal recycling and contracting company, CMA Corporation, where he managed a period of dramatic growth and increase in profitability. Prior to that, he held senior management and Board positions in Australia, Africa and the UK.</p> <p>Qualifications Chartered Accountant ACA (UK) MAICD</p> <p>Directorships in the past three years Barmenco Pty Ltd CMA Corporation Ltd</p>

DIRECTORS COMMITTEE MEMBERSHIPS

	Audit	Technical
Mr Denis Waddell	Chairman	Member
Mr Alexander Haller	Member	Member
Mr Graeme Sloan	Member	Chairman

COMPANY SECRETARIES

The names and details of the Company secretaries in office during the financial year and until the date of this report are as follows:

Name	Experience, qualifications, and special responsibilities
<p>Mr Martin Bouwmeester Company Secretary (Appt 23 September 2009)</p>	<p>Martin has 13 years' experience in the gold mining industry and was Business Development Manager, Chief Financial Officer and Company Secretary of Perseverance Corporation Limited. Martin 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.</p> <p>Qualifications Bachelor of Business CPA</p>
<p>Mr Darren Hotton Company Secretary (Appt 6 February 2009 and resigned 23 September 2009)</p>	<p>Darren Hotton is an accountant who has worked with numerous ASX listed and non-listed public companies over the past eleven years, in the mineral resources, technology and various other sectors.</p> <p>Qualifications Associated Diploma – Business (Accounting)</p>
<p>Mr Bruce Paterson Company Secretary (Appt 9 September 2008 and resigned 6 February 2009)</p>	<p>Bruce Paterson is a qualified and practising lawyer, who since 1987 has undertaken a number of Company Secretarial positions for ASX listed and non-listed public companies, primarily in the mineral resources and energy sectors. He has also been a non-executive director of a number of ASX listed companies in that period.</p> <p>Qualifications Bachelor of Law – Melbourne University</p>
<p>Mr Errol du Boulay Company Secretary (App 31 January 2008 and resigned 9 September 2008)</p>	<p>Mr du Boulay was appointed Joint Company Secretary on 31 January 2008 and assumed the full role of Company Secretary on 24 April 2008 following the resignation of Mr Cornes. Mr Du Boulay resigned 9 September 2008 following the relocation of the Company's office to Melbourne. He had extensive accounting experience in the gold mining industry and had worked on open cut and underground feasibility studies and had experience starting up new mining operations.</p> <p>Qualifications CSA – Chartered Secretaries Australia Bachelor of Commerce</p>

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 entity that it controlled during the financial year, being the wholly-owned subsidiary Goldstar Resources (WA) Pty Ltd (together 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 tenements in Western Australia and Queensland.

REVIEW OF OPERATIONS

Corporate

During the December 2008 half year, the Company focussed on progressing the resource delineation and early stage feasibility work on the Tubal Cain and Eureka gold deposits located within the Walhalla Gold Project.

Although good progress was made in a number of areas including the announcement of the first JORC compliant resource estimate for Tubal Cain, the grant of Mining Licence 5487 (which covers the Tubal Cain and Eureka deposits) and commencement of feasibility study work, the Company experienced corporate and funding difficulties in late 2008 which resulted in the appointment of Administrators on 8 January 2009 with ASX trading of the Company's shares suspended from 8 January 2009.

Following execution of the DOCA, the previous directors other than Graeme Sloan resigned as directors of the Company and two new directors, Alexander Haller and Denis Waddell were appointed. In addition, new personnel were also appointed to key management positions.

The Company completed an impairment assessment of its exploration expenditure and fixed assets as part of the completion of its consolidated interim financial report for the half-year ended 31 December 2008. As a result:

1. the carrying value of deferred exploration, evaluation and development expenditure in the balance sheet as at 31 December 2008 was written down by \$26.2 million, approximately \$24.2 million of which related to expenditure at the Walhalla Gold Project; and
2. the carrying value of property, plant and equipment in the balance sheet as at 31 December 2008 was written down by \$1.9 million, principally related to a reduction in the recoverable amount of the skipway and the ball mill at the Walhalla Gold Project.

Details of the Administration process including the recapitalisation of the Company and re-instatement of the Company's shares to trading on the ASX on 21 July 2009, are set out below under the 'Significant Changes in the State of Affairs' section of this report.

Walhalla Gold Project

Following the change of the Board of Directors in early 2008, the appointment of additional key personnel and the completion of the capital raising, the Company undertook a preliminary review of geological data and historical mining records relating to the Walhalla Gold Project tenement area.

Based upon this review, the Board of Directors has adopted a two part strategic plan:

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

Both programs are being run concurrently to ensure optimal development of the Walhalla Gold Project.

The Company considers both the Cohen's Line and the Ross Creek Line to be highly prospective given the significant historical production (approximately 1.5 million ounces) and recovered grade (+1 ounce of gold per tonne) from the Cohen's Line and the existing resources at Tubal Cain and Eureka that sit within the Ross Creek Line which is located approximately two kilometres east of the Cohen's line. In addition, there are numerous untested drill targets along the West 1 and West 2 faults which are located approximately one kilometre west of the Cohen's Line.

The Company is currently planning a drill program along the Cohen's Line and the West 1 and West 2 faults which is scheduled to commence during the December 2009 quarter.

REVIEW OF OPERATIONS (continued)

Exploration

During the year, the Company focussed its exploration programs on the Walhalla Gold Project given the high prospectivity of the Walhalla gold field and the significant historical gold production from mines located within the Company's Walhalla tenements.

With the changes to the Board of Directors and senior management and the resultant review of all projects, the Company has decided to divest or minimise its interest in tenement holdings outside of the Walhalla Gold Project.

RESULTS OF OPERATIONS

The operating loss after income tax of the Group for the year ended 30 June 2009 was \$32,640,346 (2008: \$2,120,591). The result is driven primarily by the impairment of plant and equipment and deferred exploration and development expenditure.

The basic and diluted loss per share for the Group for the year was 18.73 cents (2008: 1.54 cents).

No dividend has been paid during or is recommended for the financial year ended 30 June 2009.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Following the appointment of Administrators on 8 January 2009, ASX trading of the Company's shares was suspended from 8 January 2009. Subsequently, at a meeting of creditors held on 27 February 2009, creditors accepted the Deed of Company Arrangement ("DOCA") proposal, the principal objective of which was to restore the operational independence of the Company and to maximise the return to shareholders and creditors as compared with a liquidation scenario.

In accordance with the DOCA, at a general meeting of the Company on 12 June 2009 ("Shareholder Meeting") shareholder approval was obtained to raise sufficient funds from new capital and a re-negotiated converting loan agreement from Silja Investment Limited ("Silja"), to enable full payment of the costs and expenses of the Administrators, payment of 100% of the admitted claims of unsecured creditors and most importantly for shareholders, fund the ongoing exploration of the Company's highly prospective Walhalla Gold Project tenement package and progress the Walhalla Gold Project pre-feasibility study.

The Company completed a placement on 24 February 2009, of 5,000,000 fully paid ordinary shares at an issue price of \$0.01 per share to raise \$50,000 and on 3 March 2009, the Company completed a placement of 9,325,000 fully paid ordinary shares at an issue price of \$0.01 per share to raise \$93,250.

On 22 June 2009 the Company issued \$5.8 million (before expenses) of the \$6.0 million Capital Raising approved by shareholders at the Shareholder Meeting and on 24 June 2009, the Company received \$4.6 million (before expenses) from Silja in relation to the drawdown of the Second Tranche Note and Third Tranche Note of the re-negotiated converting loan agreement. The Company applied for the re-quotation of the Company's securities on ASX and with the DOCA having been effected on 16 July 2009 (including payment in full of all admitted claims of unsecured creditors), the Deed Administrator having resigned on that date and the Company having satisfied ASX's conditions for reinstatement, the Company's shares were reinstated to trading on the ASX on 21 July 2009.

SIGNIFICANT 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 consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years except for those matters referred to below:

- a) On 16 July 2009, the Company announced that the DOCA had been wholly effected and that the Deed Administrator had retired;
- b) On 21 July 2009, the Company's shares were re-instated to trading on the ASX;
- c) On 31 July 2009, the Company issued 5,000 ordinary fully paid shares;
- d) On 25 August 2009, the Company issued 20 million options to Mr Martin Bouwmeester; and

SIGNIFICANT EVENTS AFTER THE BALANCE DATE (continued)

- e) On 3 September 2009 a prospectus was issued to raise up to \$200,000 through an issue of up to 20 million fully paid ordinary shares at an issue price of \$0.01 and on 25 September 2009, the Company issued 20 million ordinary fully paid shares to applicants.

FUTURE DEVELOPMENTS

Likely future developments in the operations of the Group are referred to elsewhere in the Annual Financial Report. Other than as referred to in this report, further information as to the likely developments in the operations of the Group and expected results of those operations would, in the opinion of the directors, be speculative and prejudicial to the interests of the Group and its shareholders.

DIRECTORS' MEETINGS

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

	Board meetings		Audit committee meetings		Technical committee meetings	
	Number held and entitled to attend	Number Attended	Number held and entitled to attend	Number attended	Number held and entitled to attend	Number Attended
Mr D Waddell	3	3	1	1	-	-
Mr A Haller	3	3	1	1	-	-
Mr G Sloan	7	6	1	1	2	2
MR G Lewis	2	2	-	-	-	-
Mr G Hill	5	5	1	1	-	-
Ms E Carr	5	5	1	1	-	-
Dr J O'Leary	5	4	1	1	2	2
Mr I Pankhurst	3	3	-	-	2	2
Mr A King	2	2	-	-	-	-
Mr P Hatfull	4	4	-	-	-	-

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 (i)	Options over ordinary shares
Mr D Waddell	5,000,000	-	40,000,000
Mr A Haller (ii) (iii)	203,912,409	-	300,000,000
Mr G Sloan	-	-	-
Mr G Lewis	-	-	-
Mr G Hill (i)	-	800,441	120,000
Mr A King (i)	-	2,543,993	285,000
Ms E Carr (i)	-	760,278	75,000
Dr J O'Leary (i)	-	140,450	-
Mr I Pankhurst (i)	-	3,963,715	75,000

- (i) These directors resigned during the year and the above table shows their holdings announced to the ASX when they resigned and have been adjusted if the relevant options have been forfeited or cancelled.
- (ii) Mr Haller holds relevant interests as follows: Silja Investment Limited 203,489,242 ordinary shares, Mr A Haller 370,367 ordinary shares and Pershing Securities 52,800 ordinary shares. Options over 300,000,000 ordinary shares are held by Silja Investment Limited.

DIRECTORS' INTERESTS (continued)

(iii) Mr Haller holds relevant interest in Silja Investment Limited which holds the convertible note. 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:

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

At maturity date, upon conversion of the convertible note and accrued interest, the number of new ordinary shares issued at \$0.01 (as at the date of this report, the lowest price at which the Company has issued ordinary shares), would entitle Silja Investment Limited to 884,919,139 new ordinary shares. The amended converting loan agreement was approved by shareholders at the general meeting of shareholders held on 12 June 2009.

SHARE OPTIONS**Options granted to directors and officers 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 five most highly remunerated officers of the Company as part of their remuneration:

	Number of options granted	Exercise price	Expiry date
Directors			
Mr D Waddell	40,000,000	\$0.01	31 March 2014
Mr G Sloan	-	-	-
Mr G Lewis (ii)	1,500,000	\$0.061	17 December 2013
Mr A Haller	-	-	-
Executives			
Mr M Bouwmeester	20,000,000	\$0.01	31 March 2014
Mr S Cahoon	5,000,000	\$0.01	31 July 2014
Dr J Anderson	10,000,000	\$0.01	31 July 2014
Mr S Hart	10,000,000	\$0.01	31 July 2014
Mr D Hotton	-	-	-

- (i) All options were granted during the financial year other than Mr M Bouwmeester's options which were granted on 25 August 2009.
- (ii) Mr Lewis' options were cancelled on 27 March 2009.

Unissued shares under options

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

Expiry date	Exercise price	Number of shares
22 September 2010	\$0.01	300,000,000
31 March 2014	\$0.01	60,000,000
31 July 2014	\$0.01	25,000,000
		385,000,000

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

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 Company and the Group. Key management personnel comprise the directors of the Company and executives for the Company and the Group including the five most highly remunerated Company and Group executives.

It is the Company'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 Company's financial and operational performance. The expected outcome of the Company's remuneration structure is:

- Retention and motivation of directors and executives
- Performance rewards to allow directors and executives to participate in the future success of the Group.

Remuneration may include base salary & 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 in general meeting.

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 Law as applicable. The total level of remuneration for all non-executive directors of \$175,000 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 Company.

There is no scheme to provide retirement benefits, other than statutory superannuation, 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 remuneration committee has regard to the following indices in respect of the current financial year and the previous four financial years.

	2009	2008	2007	2006	2005
Net profit attributable to equity holders of the parent	(31,571,693)	(2,120,591)	(1,195,302)	(746,417)	(639,875)
Dividends paid	-	-	-	-	-
Change in share price	\$0.028	\$0.19	\$0.46	\$0.33	\$0.11

REMUNERATION REPORT - AUDITED (continued)**Long Term Incentive Based Remuneration**

The Company has an option based remuneration scheme for directors and executives. In accordance with the provisions of the Employee Option Plan, as approved by shareholders at a general meeting, executives and directors, with approval of shareholders, may be granted options to purchase ordinary shares. The number and terms of options granted is at the absolute discretion of the Board, except to the extent that the proposed grant is to a director. In this instance, shareholder consent must be obtained 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.

The issue of options to directors is in accordance with the Company's employee option plan for directors and employees or has been approved by shareholders. The issue of options to directors and employees encourages the alignment of personal and shareholder interests.

Service contracts

It is the Group's policy that service contracts for key management personnel, including the chief executive officer (or equivalent) and company secretary, are unlimited in term but capable of termination on 1 months' notice and that the Group retains the right to terminate the contract immediately, by making payment equal to 1 months' pay in lieu of notice.

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 directors fees, 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. Directors' base fees are presently up to \$175,000 per annum.

The Executive 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.

DIRECTORS AND EXECUTIVE OFFICERS' EMOLUMENTS - 2009

Names	Year	Primary salary, incentives, superannuation and consultancy payments				Share based payments	Total remuneration	% of remuneration in options
		Salary & fees	Short term incentives	Super-annuation	Termination benefits	Options value		
		\$	\$	\$	\$	\$	\$	%
Directors emoluments								
Mr D Waddell	2009	72,477	-	6,523	-	5,966	84,966	7
Mr A Haller	2009	15,291	-	1,376	-	-	16,667	-
Mr G Sloan	2009	15,291	-	1,376	-	-	16,667	-
Mr G Hill	2009	22,667	-	-	-	-	22,667	-
Mr A King (viii)	2009	81,660	-	-	350,000	-	431,660	-
Ms E Carr	2009	14,500	-	-	-	-	14,500	-
Mr P Hatfull	2009	-	-	35,909	-	-	35,909	-
Mr G Lewis	2009	77,838	-	24,855	-	91,500	194,193	47
Total	2009	299,724	-	70,039	350,000	97,466	817,229	12
Executives emoluments								
Mr S Hart (i)	2009	227,643	-	20,488	-	-	248,131	-
Mr J Magnin (ii)	2009	122,491	-	-	-	-	122,491	-
Mr E du Boulay (iii)	2009	97,393	-	-	-	-	97,393	-
Mr M Bouwmeester (iv)	2009	89,229	-	-	-	-	89,229	-
Mr D Hotton (v)	2009	69,392	-	6,245	-	-	75,637	-
Mr B Paterson (vi)	2009	39,203	-	-	-	-	39,203	-
Mr S Cahoon (vii)	2009	-	-	-	-	-	-	-
Total	2009	645,351	-	26,733	-	-	672,084	-

There were no performance based emoluments issued during the year.

- (i) Mr Hart has held the position of General Manager – Walhalla Gold Project from 8 October 2007.
- (ii) Mr Magnin held the position of Chief Financial Officer from 11 September to 8 December 2009.
- (iii) Mr du Boulay held the position of Company Secretary from 31 January to 9 September 2008.
- (iv) Mr Bouwmeester held the position of General Manager – Corporate from 27 February 2009.
- (v) Mr Hotton held the position of Chief Financial Officer from 8 December 2008 to 30 June 2009 and the position of Company Secretary from 6 February to 23 September 2009.
- (vi) Mr Paterson held the position of Company Secretary from 9 September 2008 to 6 February 2009.
- (vii) Mr Cahoon held the position of Chief Financial Officer from 30 June 2009.
- (viii) Mr King's termination benefit was a contracted payment entered into on 28 May 2008.

DIRECTORS AND EXECUTIVE OFFICERS' EMOLUMENTS - 2008

Names	Year	Primary salary, incentives, superannuation and consultancy Payments				Share based payments	Total remuneration	% of Remuneration in options
		Salary & fees (i) \$	Short Term incentives \$	Super-annuation \$	Termination benefits \$	Options value \$	\$	%
Directors Emoluments								
Mr G Hill	2008	68,000	-	-	-	-	68,000	-
Mr A King	2008	328,500	30,000	-	-	-	358,500	-
Ms E Carr	2008	58,000	-	-	-	-	58,000	-
Mr R Carroll	2008	38,500	-	3,465	-	-	41,965	-
Dr J O'Leary	2008	58,000	33,280	-	-	-	91,280	-
Mr I Pankhurst (ii)	2008	208,918	-	-	-	-	208,918	-
Total	2008	759,918	63,280	3,465	-	-	826,663	-
Executives Emoluments								
Mr D Cornes(iii)	2008	78,114	-	39,051	-	-	117,165	-
Mr E du Boulay(iv)	2008	58,740	-	-	-	-	58,740	-
Mr S Hutchin(v)	2008	122,410	-	10,342	-	-	132,752	-
Mr S Hart(vi)	2008	147,180	-	14,746	-	-	161,926	-
Total	2008	406,444	-	64,139	-	-	470,583	-

(i) Salary and fees include fees paid to directors and related entities for services provided. The director related entities include Seaswan Holdings Pty Ltd, Moonshadow Holdings Pty Ltd and Mining Operation Services Pty Ltd.

(ii) Mr Ian Pankhurst's remuneration includes a salary and fees for \$208,918 in 2008 for acting as the Operations Director (resigned 13 May 2008) and previously as the Project Manager via Mining Operation Services Pty Ltd.

(iii) Mr David Cornes resigned 24 April 2008.

(iv) Mr Errol du Boulay as Company Secretary was contracted via Brison Investments trading as E & D Management Services.

(v) Mr Stuart Hutchin resigned 30 May 2008.

(vi) Mr Shane Hart was appointed 8 October 2007.

OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION – AUDITED

As at the date of this report, there were 85,000,000 unissued ordinary shares under option issued to directors and executives (2008: 1,859,000 unissued ordinary shares under option). Refer to Note 22 (c) of the Financial Statements for further details of the options outstanding.

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 2009 (i)	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	Number of options vested during 2009
Directors						
Mr D Waddell	40,000,000	24 June 2009	\$0.0076	\$0.01	31 March 2014	-
Mr A Haller	-	-	-	-	-	-
Mr G Sloan	-	-	-	-	-	-
Mr G Lewis (ii)	1,500,000	17 December 2008	\$0.061	\$0.061	17 December 2013	1,500,000
Mr GHill	-	-	-	-	-	-
Mr A King	-	-	-	-	-	-
Ms E Carr	-	-	-	-	-	-
Dr J O'Leary	-	-	-	-	-	-
Mr I Pankhurst	-	-	-	-	-	-
Executives						
Mr S Hart	10,000,000	30 June 2009	\$0.0076	\$0.01	31 July 2014	-
Dr J Anderson	10,000,000	30 June 2009	\$0.0076	\$0.01	31 July 2014	-
Mr S Cahoon	5,000,000	30 June 2009	\$0.0076	\$0.01	31 July 2014	-
Mr M Bouwmeester	20,000,000	25 August 2009	\$0.0076	\$0.01	31 March 2014	-
Mr D Cornes	-	-	-	-	-	-
Mr S Hutchin	-	-	-	-	-	-
Mr D Hotton	-	-	-	-	-	-
Mr E du Boulay	-	-	-	-	-	-
Mr B Patterson	-	-	-	-	-	-

- (i) The options were provided at no cost to the recipients.
- (ii) Mr Lewis' options were cancelled on 27 March 2009.
- (iii) The options are exercisable between 4 and 5 years from grant date.
- (iv) In accordance with the share options granted as at the date of this report, the above-mentioned directors and executives are entitled to purchase an aggregate of 85,000,000 ordinary shares of the Company.

**ANALYSIS OF OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION
AUDITED**

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		% vested in year	% lapsed in year (i)	Date grant vests
	Number	Date			
Mr D Waddell	20,000,000	24 June 2009	-%	-%	31 March 2010
	20,000,000	24 June 2009	-%	-%	31 March 2011
Mr A Haller	-	-	-%	-%	-
Mr G Sloan	-	-	-%	-%	-
Mr G Lewis	1,500,000	17 December 2008	100%	100%	17 December 2008
Mr G Hill	120,000	1 August 2004	-%	-%	(ii)
	125,000	1 July 2006	-%	100%	-
Mr A King	285,000	1 August 2004	-%	-%	(ii)
	300,000	1 July 2006	-%	100%	-
Ms E Carr	75,000	1 August 2004	-%	-%	(ii)
	100,000	1 July 2006	-%	100%	-
Dr J O'Leary	100,000	1 July 2006	-%	100%	-
	75,000	1 November 2006	-%	100%	-
Mr I Pankhurst	75,000	1 August 2004	-%	-%	(ii)
	100,000	1 July 2006	-%	100%	-
Executives					
Mr S Hart	5,000,000	30 June 2009	-%	-%	31 July 2010
	5,000,000	30 June 2009	-%	-%	31 July 2011
Dr J Anderson	5,000,000	30 June 2009	-%	-%	31 July 2010
	5,000,000	30 June 2009	-%	-%	31 July 2011
Mr S Cahoon	2,500,000	30 June 2009	-%	-%	31 July 2010
	2,500,000	30 June 2009	-%	-%	31 July 2011
Mr M Bouwmeester	10,000,000	25 August 2009	-%	-%	31 March 2010
	10,000,000	25 August 2009	-%	-%	31 March 2011
Mr D Cornes	80,000	1 July 2006	-%	100%	-
Mr S Hutchin	60,000	1 August 2004	-%	-%	(ii)
	200,000	1 July 2006	-%	100%	-
Mr D Hotton	-	-	-%	-%	-
Mr E du Boulay	-	-	-%	-%	-
Mr B Paterson	-	-	-%	-%	-

- (i) The % lapsed in the year represents the reduction from the maximum number of options available to be exercised.
- (ii) Options vested over 18 months from date of grant, with an equal 3rd of the total options granted vesting each 6 months over the 18 month period from the grant date. These options expired on 27 September 2009.

ANALYSIS OF OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION AUDITED (continued)

Analysis of movements in options – audited

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 \$ (a)	Exercised in year \$ (b)	Lapsed in year \$
Mr D Waddell	300,000	-	-
Mr A Haller	-	-	-
Mr G Sloan	-	-	-
Mr G Lewis	91,500	-	(c)
Mr S Hart	77,000	-	-
Dr J Anderson	77,000	-	-
Mr S Cahoon	38,500	-	-
Mr M Bouwmeester	152,000	-	-
	736,000	-	-

- (a) The value of options granted in the year is the fair value of the options calculated at grant date using a Black Scholes option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period (i.e. in years 2009 to 2011).
- (b) No options were exercised during the year.
- (c) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed. Mr G Lewis's options lapsed on the 27 March 2009. The Company was subject to a deed of company arrangement and as a result the options had \$nil value at this time.

ENVIRONMENTAL ISSUES

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and States.

In particular, the Group's exploration activities are subject to the State Mining Acts. The Group has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Group has adequate systems in place for the management of its environmental requirements.

DIVIDENDS

There were no dividends paid or declared during the financial year (2008: \$nil).

INDEMNIFICATION OF DIRECTORS AND OFFICERS

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.

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.

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

	Consolidated	
	2009 \$	2008 \$
Services other than statutory audit:		
Other services		
Other advisory (KPMG Australia)	21,000	-
Taxation compliance services (KPMG Australia)	2,500	-
	23,500	-

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the financial year ended 30 June 2009.

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 Orion 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 20 to 24 of this Annual Financial Report.

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



Denis Waddell
Director

Melbourne

Date: 30 September 2009

Corporate Governance Statement

The Board of Directors of Orion Gold NL ("Orion") is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of Orion on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that 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.

COMPOSITION 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 are made aware and have available all necessary information to participate in an informed discussion of all agenda items.

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

The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, 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.

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 which 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.

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

There is currently no separate remuneration committee as 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.

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 which management and the Board has established in order to safeguard the Company'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.

- 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 D Waddell (Chairman), G Sloan and A Haller. Each of the members has the relevant financial and industry experience required to perform Audit Committee functions. Details regarding the relevant qualifications and experience of each director who is a member of the Audit Committee is set out in the Directors' Report.

BOARD RESPONSIBILITIES

The Board is responsible for:

- (a) driving the success of Orion in a way that ensures that 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 (or equivalent) ("CEO/MD") and those senior executives who report to the CEO/MD;
- (c) ensuring that there are adequate resources available to meet Orion's (and 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;
- (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.

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.

BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Principles of Good Corporate Governance and Best Practice Recommendations as outlined by the ASX and the Corporate Governance Council. The Company has complied with the Corporate Governance Principles and Recommendations (2nd Edition) except as identified below. Details about the Company's corporate governance policies are set out on the Company's website at www.oriongold.com.au.

Corporate Governance Principles and Recommendations (2 nd Edition)	Action taken and reasons if not adopted
<p><u>Principle 1: Lay solid foundation for management and oversight</u></p> <p>1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.</p> <p>1.2 Companies should disclose the process for evaluating the performance of senior executives.</p> <p>1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.</p>	<p>Adopted</p>
<p><u>Principal 2: Structure the Board to add value</u></p> <p>2.1 A majority of the Board should be independent.</p> <p>2.2 The chairperson should be an independent Director.</p> <p>2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.</p> <p>2.4 The board should establish a nomination committee.</p> <p>2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.</p> <p>2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.</p>	<p>Adopted except as follows:-</p> <p>2.1 and 2.2 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 which is appropriate for the Company's current projects and business. Mr D Waddell, as Executive Chairman, is not independent. The Board considers that this is not inappropriate given his experience in the resource sector in Australia and the Company's current stage of development. Graeme Sloan as a non-executive director is not considered to be independent as he has within the last three years has been employed in an executive capacity by Orion. Alexander Haller as a non-executive director is not considered to be independent because he is associated with Z Nominees Limited, a substantial shareholder of the Company holding more than five percent of the Company's voting stock.</p> <p>2.3 The roles of Chairperson and Managing Director are exercised by the same individual. Given the size of the Company, Mr D Waddell assumed an executive role (effective 27 February 2009) in order to facilitate the planned transition from explorer to producer. It is intended to review the position of Managing Director as the Company develops.</p> <p>2.4 There is currently no separate nomination committee as 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.</p>

Corporate Governance Principles and Recommendations (2 nd Edition)	Action taken and reasons if not adopted
<p><u>Principle 3: Promote ethical and responsible decision-making</u></p> <p>3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> • 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. <p>3.2 Companies should establish a policy concerning trading in the company securities by directors, senior executives and employees and disclose a summary of that policy.</p> <p>3.3 Companies should provide the information indicated in 'Guide to Reporting on Principle 3'.</p>	Adopted
<p><u>Principle 4: Safeguard integrity in financial reporting</u></p> <p>4.1 The Board should establish an audit committee.</p> <p>4.2 The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists of only non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chairperson, who is not chair of the Board; and • have at least three members. <p>4.3 The audit committee should have a formal charter.</p> <p>4.4 Companies should provide the information indicated in the 'Guide to reporting on Principle 4.'</p>	Adopted except as follows: 4.2 and 4.3 The Company has an Audit Committee comprising non-executive Directors G Sloan and A Haller and Executive Chairman D Waddell (Chairman of the Audit Committee). 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.
<p><u>Principle 5: Make timely and balanced disclosure</u></p> <p>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.</p> <p>5.2 Companies should provide the information indicated in the 'Guide to reporting on Principle 5'.</p>	Adopted
<p><u>Principle 6: Respect the rights of shareholders</u></p> <p>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.</p> <p>6.2 Companies should provide the information indicated in the 'Guide to reporting on Principle 6'.</p>	Adopted

Corporate Governance Principles and Recommendations (2 nd Edition)	Action taken and reasons if not adopted
<p><u>Principle 7: Recognise and manage risk</u></p> <p>7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.</p> <p>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.</p> <p>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.</p> <p>7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.</p>	<p>Adopted</p>
<p><u>Principle 8: Remunerate fairly and responsibly</u></p> <p>8.1 The Board should establish a remuneration committee.</p> <p>8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p> <p>8.4 Companies should provide the information indicated in the 'Guide to reporting on Principle 8'.</p>	<p>Adopted except as follows:</p> <p>8.1 There is currently no separate remuneration committee as 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.</p>



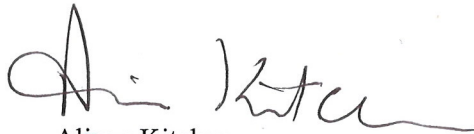
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

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 2009 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



Alison Kitchen
Partner

Melbourne

30 September 2009

Income Statements

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	CONSOLIDATED		PARENT	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue					
Rental income	3 (a)	2,880	18,006	2,880	18,006
Other income	3 (b)	-	40,421	-	40,421
Finance income	3 (c)	62,260	399,955	62,260	399,955
Total revenue		65,140	458,382	65,140	458,382
Professional fees		(1,297,797)	(555,712)	(1,297,797)	(555,712)
Employment expenses		(208,399)	(208,936)	(208,399)	(208,936)
Travel expenses		(156,367)	(209,486)	(156,367)	(209,486)
Accounting and audit expenses		(65,086)	(74,556)	(65,086)	(74,556)
Marketing expenses		(19,214)	(164,871)	(19,214)	(164,871)
Occupancy expenses		(86,196)	(74,480)	(86,196)	(74,480)
Administrative expenses		(213,180)	(315,115)	(213,180)	(315,115)
Administrator costs		(371,334)	-	(371,334)	-
Impairment of fixed assets		(1,882,820)	-	(1,882,820)	-
Impairment of exploration expenditure		(26,238,996)	-	(24,557,095)	-
Exploration & evaluation costs		(408,197)	-	(368,119)	-
Depreciation		(464,239)	(956,804)	(464,239)	(956,804)
Provisions for diminution		-	-	(54,898)	(38,820)
Finance costs	3 (d)	(1,185,350)	-	(1,185,350)	-
Share based payments		(91,500)	-	(91,500)	-
Other expenses from ordinary activities		(16,811)	(19,013)	(16,811)	(19,013)
Loss before tax		(32,640,346)	(2,120,591)	(30,973,265)	(2,159,411)
Income tax expense	4	-	-	-	-
Loss after tax		(32,640,346)	(2,120,591)	(30,973,265)	(2,159,411)
Loss attributable to equity holders of the Company		(32,640,346)	(2,120,591)	(30,973,265)	(2,159,411)
Basic and diluted loss per share (cents per share)	5	(18.73)	(1.54)		

Balance Sheets

AS AT 30 JUNE 2009

	Notes	CONSOLIDATED		PARENT	
		2009	2008	2009	2008
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash on hand and at bank	6	9,668,184	1,757,724	9,668,183	1,757,723
Trade and other receivables	7	74,074	54,197	74,074	54,197
Inventories	8	9,656	21,897	9,656	21,897
Prepayments		2,650	21,433	2,650	21,433
Total current assets		9,754,564	1,855,251	9,754,563	1,855,250
Non-current assets					
Trade and other receivables	7	254,287	211,320	254,288	211,321
Property, plant and equipment	9	454,861	2,796,944	454,861	2,796,944
Deferred exploration, evaluation and development	10	5,300,000	29,905,261	5,100,000	28,038,180
Total non-current assets		6,009,148	32,913,525	5,809,149	31,046,445
TOTAL ASSETS		15,763,712	34,768,776	15,563,712	32,901,695
LIABILITIES					
Current liabilities					
Trade and other payables	12	1,388,547	741,324	1,388,547	741,324
Finance lease		6,121	-	6,121	-
Provisions	13	36,720	69,354	36,720	69,354
Total current liabilities		1,431,388	810,678	1,431,388	810,678
Non-current liabilities					
Finance lease		1,275	-	1,275	-
Provisions	13	2,729	-	2,729	-
Convertible note - liability	15	6,888,375	-	6,888,375	-
Total non-current liabilities		6,892,379	-	6,892,379	-
TOTAL LIABILITIES		8,323,767	810,678	8,323,767	810,678
NET ASSETS		7,439,945	33,958,098	7,239,945	32,091,017
EQUITY					
Equity attributable to equity holders of the Company					
Issued capital	14	43,762,775	39,039,570	43,762,775	39,039,570
Accumulated losses		(37,701,808)	(5,400,564)	(37,901,808)	(7,267,644)
Other reserves	14	1,378,978	319,092	1,378,978	319,091
TOTAL EQUITY		7,439,945	33,958,098	7,239,945	32,091,017

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	CONSOLIDATED		PARENT	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash flows from operating activities					
Payments for exploration and evaluation		(2,041,934)	(11,150,403)	(2,001,855)	(11,111,583)
Payments to suppliers and employees		(1,792,323)	(933,643)	(1,792,323)	(933,643)
Interest received		62,260	399,956	62,260	399,956
Receipts from customers		-	58,727	-	58,727
Net cash used in operating activities	6	(3,771,997)	(11,625,363)	(3,731,918)	(11,586,543)
Cash flows from investing activities					
Purchase of property, plant and equipment		(4,977)	(494,770)	(4,977)	(494,770)
Loans to controlled entities		-	-	(40,079)	(38,820)
Restricted cash investments		(59,137)	-	(59,137)	-
Net cash used in investing activities		(64,114)	(494,770)	(104,193)	(533,590)
Cash flows from financing activities					
Proceeds from issue of shares		6,264,431	6,217,492	6,264,431	6,217,492
Share issue expenses (1)	14	(233,738)	(265,221)	(233,738)	(265,221)
Proceeds from finance lease		7,397	-	7,397	-
Proceeds from convertible notes		6,000,000	-	6,000,000	-
Borrowing costs convertible notes		(291,519)	-	(291,519)	-
Net cash from financing activities		11,746,571	5,952,271	11,746,571	5,952,271
Net increase/(decrease) in cash and cash equivalents		7,910,460	(6,167,862)	7,910,460	(6,167,863)
Cash and cash equivalents at beginning of period		1,757,724	7,925,586	1,757,723	7,925,586
Cash on hand and at bank at end of period	6	9,668,184	1,757,724	9,668,183	1,757,723

(1) \$1,307,488 of share issue expenses were settled by issue of options as detailed in note 14 and accordingly have not been included in this statement of cash flows.

Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2009

	Attributable to equity holders of the Company				
	Other reserves				
	Issued capital	Accumulated losses	Share based payments	Convertible notes - equity	Total equity
	\$	\$	\$	\$	\$
CONSOLIDATED					
At 30 June 2007	33,087,301	(3,279,973)	319,092	-	30,126,420
Loss for the year	-	(2,120,591)	-	-	(2,120,591)
Issue of share capital	6,217,510	-	-	-	6,217,510
Capital raising costs during the year	(265,241)	-	-	-	(265,241)
At 30 June 2008	39,039,570	(5,400,564)	319,092	-	33,958,098
Loss for the year	-	(32,640,346)	-	-	(32,640,346)
Issue of share capital	6,264,431	-	-	-	6,264,431
Capital raising costs during the year	(1,541,226)	-	1,307,488	-	(233,738)
Cost of share-based payments	-	339,102	(247,602)	-	91,500
At 30 June 2009	43,762,775	(37,701,808)	1,378,978	-	7,439,945
Attributable to equity holders of the Company					
Other reserves					
	Issued capital	Accumulated losses	Employee share	Convertible notes - equity	Total equity
	\$	\$	\$	\$	\$
PARENT					
At 1 July 2007	33,087,302	(5,108,234)	319,092	-	28,298,160
Loss for the year	-	(2,159,410)	-	-	(2,159,410)
Issue of share capital	6,217,510	-	-	-	6,217,510
Capital raising costs during the year	(265,243)	-	-	-	(265,243)
At 30 June 2008	39,039,570	(7,267,644)	319,092	-	32,091,017
Loss for the year	-	(30,973,265)	-	-	(30,973,265)
Issue of share capital	6,264,431	-	-	-	6,264,432
Capital raising costs during the year	(1,541,226)	-	1,307,488	-	(233,738)
Cost of share-based payments	-	339,102	(247,602)	-	91,500
At 30 June 2009	43,762,775	(37,901,808)	1,378,978	-	7,239,945

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

1 CORPORATE INFORMATION

Orion Gold NL ("Company") is a company domiciled in Australia. The address of the Company's registered office is Level 11, 330 Collins Street, Melbourne, Victoria, 3000. The consolidated financial statements of the Company as at and for the year ended 30 June 2009 comprise the Company and its subsidiary (together referred to as the "Group"). The Group primarily is involved in gold exploration.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB). The financial statements were approved by the Board of directors on 30 September 2009.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except where stated.

Going concern

At 30 June 2009, the consolidated entity and the parent entity had incurred a net loss of \$32,640,346 and \$30,973,265, respectively for the year.

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

Based on the cash flow forecasts and the net assets at 30 June 2009 of \$7,439,945, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(b) New accounting standards and interpretations

Adopted

The following amendment to a standard has been early adopted at 30 June 2009:

- AASB 2009-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process*. The group has early adopted the amendment to AASB 101 that is included in AASB 2009-5. No other amendments from this standard have been early adopted.

AASB 101 *Presentation of Financial Statements* has been amended to state that the classification of the liability component of a convertible instrument as current or non current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments.

This change confirmed the classification of the Group's convertible notes as a non-current liability for the year ended 30 June 2009. There was no prior year impact.

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 2009, but have not been applied preparing this financial report:

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and Interpretations (continued)

- Revised AASB 3 *Business Combinations* (2008) incorporates the following changes that are likely to be relevant to the Group's operations:
 - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations
 - Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss
 - Transaction costs, other than share and debt issue costs, will be expensed as incurred
 - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss
 - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised AASB 3, which becomes mandatory for the Group's 30 June 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statement.

- Amended AASB 127 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have a significant impact on the consolidated financial statements.
- AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will require a change in the presentation on and disclosure of segment information based on the internal reports regularly reviewed by management in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see note 23).
- Revised AASB 101 Presentation of Financial Statements (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Group's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.
- Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Group's 30 June 2010 financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and Interpretations (continued)

- AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to AASB 2 will be mandatory for the Group's 30 June 2010 financial statements, with retrospective application. The Group has not yet determined the potential effect of the amendment.
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process and 2008-6 Further Amendments to Australian Accounting Standards arising from The Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.
- AASB 2008-7 *Amendments to Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* changes the recognition and measurement dividend receipts as income and addresses the accounting of a newly formed parent entity in the separate financial statements. The amendments become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the amendments.
- AASB 2008-8 *Amendments to Australian Accounting Standard - Eligible Hedged Items* clarifies the effect of using options as hedging instruments and the circumstances in which inflation risk can be hedged. The amendments become mandatory for the Group's 30 June 2010 financial statements, with retrospective application. The Group has not yet determined the potential effect of the amendment.

(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 2008 and the results of its controlled entity, Goldstar Resources (WA) Pty Ltd for the year then ended. Orion Gold NL and Goldstar Resources (WA) Pty Ltd together are referred to in this financial report as the Group. 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 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 is Australian Dollars.

(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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 or 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 twelve 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. This is a change in accounting policy and comparative balances are adjusted accordingly.

(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.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Provisions (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

(i) 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 workers compensation insurance and payroll tax.

(ii) 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 by an external valuer using the Black Scholes model. Further details are given in Note 11.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

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.

(k) Share-based payment transactions

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.

(l) 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) 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.

Rental Income

Rental income is accounted for on a straight-line basis over the lease term.

(n) 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.

Current tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax (continued)

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to / (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(o) 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; and 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.

(p) 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, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

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

Exploration expenditure for each area of interest is written off as incurred, except that it may be carried forward provided that one of the following conditions is met:

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

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 Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

In the application of AIFRS 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:

- Measurement of share based payments,
- calculation of financial instruments (convertible notes) and
- lease classification.

(r) Convertible notes

Convertible notes issued by the Group can be converted to share capital at the option of the holder, 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 note.

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 note 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.

(s) 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.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

(u) Share capital

Ordinary shares

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.

(v) 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

3. REVENUES AND EXPENSES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Rental revenue				
Rental on sub-lease of office space	2,880	18,006	2,880	18,006
	2,880	18,006	2,880	18,006
(b) Other income				
Sundry revenue	-	40,421	-	40,421
	-	40,421	-	40,421
(c) Finance income				
Interest income	62,260	399,955	62,260	399,955
Total finance income	62,260	399,955	62,260	399,955
(d) Finance expense				
Convertible note revaluation	1,179,894	-	1,179,894	-
Interest expense	5,456	-	5,456	-
Total finance expense	1,185,350	-	1,185,350	-
(e) Expenses from ordinary activities				
Depreciation	464,239	956,804	464,239	956,804
Impairment of fixed assets	1,882,820	-	1,882,820	-
Impairment of exploration expenditure	26,238,996	-	24,557,095	-
Exploration and evaluation costs	408,197	-	368,119	-
Diminution in loans to controlled entities	-	-	54,898	38,820
	28,994,252	956,804	27,327,171	995,624
(f) Employee benefits expense				
Wages and salaries	187,862	172,816	187,862	172,816
Superannuation costs	16,908	17,885	16,908	17,885
Fringe benefits tax	3,629	1,141	3,629	1,141
Conferences, seminars and subscriptions	-	17,094	-	17,094
Employee share based payments	91,500	-	91,500	-
	299,899	208,936	299,899	208,936

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

4 INCOME TAX

Income Tax Expense	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
Recognised in the Income Statement	\$	\$	\$	\$
Current tax expense				
Current year	-	-	-	-
Adjustment for prior years	-	-	-	-
Deferred tax expense				
Origin and reversal of temporal differences	-	-	-	-
Reduction in tax rate	-	-	-	-
Expense on derecognition of tax loss	-	-	-	-
Losses not recognised	-	-	-	-
Benefits of tax losses recognised	-	-	-	-
Total income tax expense in income statement	-	-	-	-

Reconciliation between pre-tax expense and pre tax net loss

Loss before tax	(32,640,346)	(2,120,591)	(30,973,265)	(2,159,411)
	(32,640,346)	(2,120,591)	(30,973,265)	(2,159,411)
Income tax using the corporation rate of 30%	(9,792,104)	(636,177)	(9,291,980)	(647,823)
Increase in income tax expense due to:				
Non deductible expenses	460	1,489	460	1,489
Effect of tax losses derecognised / (recognised)	-	-	-	-
Impairment on exploration, plant and equipment	7,946,424	-	7,946,424	-
Convertible note revaluation	312,263	-	312,263	-
Decrease in income tax expense due to:				
Non assessable income	-	-	-	-
	(1,532,957)	(634,688)	(1,032,833)	(646,334)
Under / (over) provided in prior years	-	-	-	-
Income tax benefit on pre-tax net profit	(1,532,957)	(634,688)	(1,032,833)	(646,334)
Tax effect of tax losses not recognised	1,532,957	634,688	1,032,833	646,334
	-	-	-	-
Income tax expense	-	-	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

4 INCOME TAX (continued)

Recognised on the Balance Sheet	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred income tax liabilities	(1,670,761)	(10,053,673)	(1,610,761)	(9,494,553)
Capitalised expenditure deductible for tax purposes	(1,670,761)	(10,053,673)	(1,610,761)	(9,494,553)
Deferred income tax assets	208,115	11,811,835	208,115	11,847,394
Tax losses	208,115	11,811,835	208,115	11,847,394
Net deferred tax asset/(liability)	(1,462,646)	1,758,162	(1,402,646)	2,352,841
Net deferred tax (asset)/liability not recognised	1,462,646	(1,758,162)	1,402,646	(2,352,841)
	-	-	-	-

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 unrecouped income tax losses of \$44,451,330 (2008: \$39,341,473) 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:

- 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;
- the Group continues to comply with the condition of deductibility imposed by Australian law; and
- 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 have elected to form a tax consolidation group from 1 July 2006.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

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 profit attributable to ordinary shareholders (after deducting interest on the convertible redeemable preference 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:

	CONSOLIDATED	
	2009	2008
	Cents	Cents
a) Basic and diluted loss per share		
Loss attributable to ordinary equity holders of the Company	(18.73)	(1.54)
b) Reconciliation of earnings used in calculating earnings per share		
	CONSOLIDATED	
	2009	2008
	\$	\$
Basic and diluted earnings per share loss for the year	(32,640,346)	(2,120,591)
c) Weighted average number of shares		
	CONSOLIDATED	
	2009	2008
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	174,304,832	137,508,706
*Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating basic earnings per share.	174,304,832	137,508,706

*The entity's contributing shares and options over ordinary shares could potentially dilute basic earnings per share in the future, however they have been excluded from the calculation of diluted earnings per share because they are anti-dilutive for both of the years presented. There have been a number of transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements. These are presented as follows:

- On 31 July 2009, the Company issued 5,000 ordinary fully paid shares;
- On 25 August, the Company issued 20 million options to Mr Martin Bouwmeester; and
- On 3 September 2009 a prospectus was issued to raise up to \$200,000 through an issue of up to 20 million fully paid ordinary shares at an issue price of \$0.01 and on 25 September 2009, the Company issued 20 million ordinary fully paid shares to applicants.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

6 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank and in hand	9,668,184	507,724	9,668,183	507,723
Short-term deposits	-	1,250,000	-	1,250,000
	9,668,184	1,757,724	9,668,183	1,757,723

- a) Cash at bank and in hand earns interest at floating rates based on daily bank rates.
- b) Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Reconciliation from the net loss after tax to the net cash flows from operations				
Net loss	(32,640,346)	(2,120,591)	(30,973,265)	(2,159,411)
<i>Adjustments for:</i>				
Depreciation	464,239	956,804	464,239	956,804
Employee entitlements provided	(29,905)	21,038	(29,905)	21,038
Diminution in loans to controlled entities	-	-	54,898	38,820
Convertible note revaluation	1,179,894	-	1,179,894	-
Share options expensed	91,500	-	91,500	-
Impairment	28,121,816	-	26,439,915	-
<i>Changes in assets and liabilities:</i>				
(Increase) in exploration expenditures	(1,633,736)	(10,726,610)	(1,633,736)	(10,687,790)
(Increase)/decrease in trade and other receivables	(3,708)	421,204	(3,708)	421,204
(Increase)/decrease in inventories	12,239	(9,081)	12,240	(9,081)
(Increase)/decrease in prepayments	18,783	(18,333)	18,783	(18,333)
(Increase) in non current receivables	-	(2,072)	-	(2,072)
(Decrease)/increase in trade and other payables	647,227	(147,722)	647,227	(147,722)
Net cash used in operating activities	(3,771,997)	(11,625,363)	(3,731,918)	(11,586,543)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

7 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current receivables:				
Trade and other receivables	26,348	8,615	26,348	8,615
GST receivable	47,726	45,582	47,726	45,582
	74,074	54,197	74,074	54,197
Non-current receivables:				
Loans to controlled entity	-	-	1,921,979	1,867,081
Provisions for loans to controlled entity	-	-	(1,921,979)	(1,867,081)
Security deposits and environmental bonds (a)	254,287	211,320	254,288	211,321
	254,287	211,320	254,288	211,321

Trade 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 this has been allocated as non-current other receivables.

8 INVENTORIES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Fuel inventory	9,656	21,897	9,656	21,897
	9,656	21,897	9,656	21,897

9 PROPERTY, PLANT AND EQUIPMENT

Opening cost - 1 July	4,320,951	3,826,181	4,320,951	3,826,181
Accumulated depreciation	(1,524,007)	(567,203)	(1,524,007)	(567,203)
Additions	4,976	494,770	4,976	494,770
Depreciation charge for the year	(464,239)	(956,804)	(464,239)	(956,804)
Impairment loss(a)	(1,882,820)	-	(1,882,820)	-
Net of accumulated depreciation (carrying amount) - 30 June	454,861	2,796,944	454,861	2,796,944

(a) The consolidated entity completed impairment assessment referred to in note 2 (h) as part of the completion of its consolidated interim financial report for the half-year ended 31 December 2008. As a result, an impairment loss of \$1,882,820 was recognised in relation to plant and equipment in the balance sheet as at 31 December 2008.

The impairment losses were incurred as a result of the new management undertaking a review on the fixed asset register and deeming that an impairment condition existed due to plant and equipment being obsolete.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

10 DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
At 1 July	29,905,260	19,178,650	28,038,180	17,350,389
Expenditure incurred	2,041,933	10,726,611	1,987,034	10,687,791
Exploration, evaluation and development	31,947,193	29,905,261	30,025,214	28,038,180
Impairment	(26,238,996)	-	(24,557,095)	-
Exploration expensed	(408,197)	-	(368,119)	-
Total exploration, evaluation and development at 30 June	5,300,000	29,905,261	5,100,000	28,038,180

The consolidated entity undertook a review of the carrying value of each area of interest as part of the completion of its consolidated interim financial report for the half-year ended 31 December 2008. As a result, the carrying value of deferred exploration, evaluation and development expenditure in the balance sheet as at 31 December 2008 was written down by \$26,238,996. Approximately \$24.2 million of the write down relates to deferred exploration, evaluation and development expenditure at the Walhalla exploration project. The directors consider that the carrying value of deferred exploration, evaluation and development, based on a reasonable estimate of the value of the known gold resource at Walhalla, is appropriate. However, the recoverability of the carrying amount is dependent on the successful development and commercial exploitation, or alternatively sale of the area of interest.

11 EMPLOYEE BENEFITS

Employees share option plan

The Group has an Employee Share Option Plan (ESOP) for the granting of options to directors and employees.

The directors consider it desirable to maintain an option plan under which selected employees, directors and officers 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 issued under the ESOP will vest when both the following conditions have been met:

- (i) when the employee has completed at least one full year of employment; and
- (ii) the director or senior executive or employee continues to be a director or senior executive or employee in the service of the Group.

Other relevant terms and conditions applicable to options granted under the ESOP 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

11 EMPLOYEE BENEFITS (continued)

Set out below are summaries of options granted to directors, employees and contractors either under the Company's ESOP 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	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Balance at end of the year	Exercisable at end of the year
Consolidated and parent entity – 2009									
27-Sep-04	27-Sep-09	\$0.350	696,000	-	-	-	-	696,000	696,000
7-Dec-06	30-Sep-09	\$0.375	725,000	-	-	-	(725,000)	-	-
31-Jul-06	31-Jul-09	\$0.375	360,000	-	-	-	(360,000)	-	-
15-Dec-06	8-Nov-11	\$0.350	75,000	-	-	-	(75,000)	-	-
24-Jun-09	31-Mar-14	\$0.010	-	(1)40,000,000	-	-	-	40,000,000	-
30-Jun-09	31-Jul-14	\$0.010	-	25,000,000	-	-	-	25,000,000	-
Total			1,856,000	65,000,000	-	-	(1,160,000)	65,696,000	696,000
Weighted average exercise price			\$0.365	\$0.01	-	-	\$0.373	\$0.014	\$0.35

A total of 1,500,000 options were issued to Mr Gordon Lewis exercisable on or before 17 December 2013 at \$0.056877 each. On 27 March 2009, the Company and Mr Lewis entered into a Deed of Cancellation of these options and as a result, these options were cancelled on 27 March 2009. These were not part of the Company's ESOP.

(1) These options are not part of ESOP.

Grant date	Expiry date	Exercise price	Balance at start of the year (quantity)	Granted during the year (quantity)	Exercised during the year (quantity)	Expired during the year (quantity)	Balance at end of the year (quantity)	Exercisable at end of the year (quantity)
Consolidated and parent entity – 2008								
27-Sep-04	27-Sep-09	\$0.350	696,000	-	-	-	696,000	696,000
7-Dec-06	30-Sep-09	\$0.375	725,000	-	-	-	725,000	725,000
31-Jul-06	31-Jul-09	\$0.375	360,000	-	-	-	360,000	360,000
15-Dec-06	8-Nov-11	\$0.350	75,000	-	-	-	75,000	75,000
Total			1,856,000	-	-	-	1,856,000	1,856,000
Weighted average exercise price			\$0.365	-	-	-	\$0.365	\$0.365

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

11 EMPLOYEE BENEFITS (continued)

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 2009.

	2009	2008	2007	2006
Dividend yield (%)	-	-	-	-
Expected volatility (%)	100	73	73	70
Risk-free interest rate (%)	4.68	5.8	5.8	5.5
Expected life of option (years)	4	3	3	5
Option exercise price (\$0.00)	0.01	0.375	0.350	0.350
Share price at grant date (\$0.00)	0.033	0.370	0.850	0.095

The 75,000 shares issued in 2007 were granted at 35 cents as shown above while all other options granted in 2007 were issued at 37.5 cents.

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 2009 is between 4 and 5 years (2008: 1 and 2 years).

12 TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Trade payables	977,617	455,758	977,617	455,758
Accruals	410,930	285,566	410,930	285,566
	1,388,547	741,324	1,388,547	741,324

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 17.

13 PROVISIONS

Current				
Employee benefits - annual leave	36,720	69,354	36,720	69,354
	36,720	69,354	36,720	69,354
Non-current				
Employee benefits - long service leave	2,729	-	2,729	-
	39,449	69,354	39,449	69,354

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

14 ISSUED CAPITAL AND RESERVES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Ordinary Shares				
Issued and fully paid	43,760,424	39,033,975	43,760,424	39,033,975
	Quantity	\$		
Movement in ordinary shares on issue				
At 1 July	128,161,605	33,081,706		
Share placement at 43 cents	12,035,000	5,175,050		
Share placement at 14.5 cents	7,189,242	1,042,440		
Less: issue costs	-	(265,221)		
At 1 July	147,385,847	39,033,975		
Conversion of partly paid shares at 10 cents	3,244,250	324,425		
Share placement at 1 cent	5,000,000	50,000		
Share placement at 1 cent	9,325,000	93,250		
Share placement at 1 cent	580,000,000	5,800,000		
Less: issue costs (i)	-	(1,541,226)		
At 30 June	744,955,097	43,760,424		

(i) As part of the share issue costs associated with the capital raising, Silja Investment Limited received 300,000,000 options exercisable at 1 cent valued at \$1,307,488.

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Contributing shares				
Partly paid to 0.1 cents (9.9 cents outstanding)	2,351	5,595	2,351	5,595
	Quantity	\$		
Movement in contributing shares fully paid				
At 1 July	5,595,250	5,595		
Paid in full during the year	(3,244,250)	(3,244)		
At 30 June	2,351,000	2,351		
Total issued capital at 30 June	747,306,097	43,762,775		

Convertible Note

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.

At maturity date, upon conversion of the convertible note and accrued interest, the number of new ordinary shares issued at \$0.01 (as at the date of this report, the lowest price at which the Company has issued ordinary shares), would entitle Silja Investment Limited to 884,919,139 new ordinary shares. The amended converting loan agreement was approved by shareholders at the general meeting of shareholders held on 12 June 2009. Refer to note 15 for additional information.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

14 ISSUED CAPITAL AND RESERVES (continued)

Other Reserves	CONSOLIDATED		PARENT	
	Share based payments \$	Total \$	Share based payments \$	Total \$
At 1 July 2008	319,092	319,092	319,092	319,092
Share based payments	91,500	91,500	91,500	91,500
Share issue costs	1,307,488	1,307,488	1,307,488	1,307,488
Forfeit of options	(339,102)	(339,102)	(339,102)	(339,102)
At 30 June 2009	1,378,978	1,378,978	1,378,978	1,378,978

	Share based payments \$	Total \$	Share based payments \$	Total \$
At 1 July 2007	319,092	319,092	319,092	319,092
Share based payments	-	-	-	-
Convertible note issue reserve	-	-	-	-
Share issue costs	-	-	-	-
Forfeit of options	-	-	-	-
At 30 June 2008	319,092	319,092	319,092	319,092

Nature and purpose of reservesEmployee 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.

Share issue costs reserve

Share options issued in lieu of issue costs when listing the Group or for future capital raisings.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

15. CONVERTIBLE NOTES

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Convertible note - liability	6,888,375	-	6,888,375	-

The converting loan agreement between Silja Investment Limited and the Company dated 9 September 2008, provided for Silja Investment Limited to provide a total of up to \$6 million 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.

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 Investment Limited has a fixed and floating charge over the assets of the Company.

The convertible notes issued to Silja Investment Limited comprise a liability component and a conversion option at the hands of Silja investment Limited.

The liability component of the convertible notes accrues interest at 9% per annum (compounding annually) and are due to be repaid as at 31 August 2013 (if not converted earlier). The liability component balance of the convertible note will be 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:

- \$0.10 (i.e. the shares will have an issue price of \$0.10 each); and
- 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 the third anniversary of the convertible note drawdown, the Company is able to offer to settle the outstanding amount in cash. However, the holder is able to demand settlement in shares at that point in time. The holder may redeem the convertible notes for cash at the maturity date.

The aggregate amount of the convertible note liability at 30 June 2009 is \$6,888,375 (2008: \$nil).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

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

This note presents information about the Company's and Group's exposure to each of the above risks, their 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 Company and 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 Company's and Group's activities.

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

The Company and the Group's principal financial instruments are cash, short-term deposits, receivables 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 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

The conversion option included in the convertible note is exposed to fluctuations in the Company's share price and the volatility of that share price. Movements in the volatility of the share price will increase the fair value of the conversion option. Movements in the fair value of the option are recognised in the Income Statement.

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. It is the Group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

16 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 & Parent - 30 June 2009	Fixed interest rate maturing in					Total \$
	Floating interest rate \$	1 Year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non- interest bearing \$	

Financial assets:

Cash on hand and at bank	9,668,184	-	-	-	-	9,668,184
Trade and other receivables	-	273,995	-	-	54,366	328,361
	9,668,184	273,995	-	-	54,366	9,996,545

Weighted average interest rate	3.30%	7.08%	-	-	-
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Financial liabilities:

Convertible note - liability	-	-	6,888,375	-	-	6,888,375
Finance lease	-	6,121	1,275	-	-	7,396
Trade and other payables	-	-	-	-	1,388,547	1,388,547
	-	6,121	6,889,650	-	1,388,547	8,284,318

Weighted average interest rate	-	-	9.00%	-	-
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Consolidated & Parent - 30 June 2008	Fixed interest rate maturing in					Total \$
	Floating interest rate \$	1 Year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non- interest bearing \$	

Financial assets:

Cash on hand and at bank	507,724	1,250,000	-	-	-	1,757,724
Trade and other receivables	-	214,858	-	-	66,627	281,485
	507,724	1,464,858	-	-	66,627	2,039,209

Weighted average interest rate	6.69%	7.51%	-	-	-
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Financial liabilities:

Trade and other payables	-	-	-	-	741,322	741,322
	-	-	-	-	741,322	741,322

Weighted average interest rate	-	-	-	-	-
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Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

16 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 2008.

Consolidated & Parent - 30 June 2009	Carrying value \$	Profit or loss		Equity	
		100bp increase \$'000	100bp decrease \$'000	100bp increase \$'000	100bp decrease \$'000
Cash on hand and at bank	9,668,184	99	(99)	-	-
Trade receivables	74,074	-	-	-	-
Cash flow sensitivity (net)		99	(99)	-	-

Consolidated & Parent - 30 June 2008					
Cash and cash equivalents	1,757,724	20	(20)	-	-
Trade receivables	54,197	-	-	-	-
Cash flow sensitivity (net)		20	(20)	-	-

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 and Parent	Carrying amount	
	2009 \$	2008 \$
Cash on hand and at bank	9,668,184	1,757,724
Trade and other receivables	74,074	54,197
	9,742,258	1,811,921

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Impairment losses

A doubtful debts provision of \$3,320 has been established for other receivables (2008: 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.

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 & Parent - 30 June 2009	Carrying amount \$	Contractual cash flows \$	6 months or less \$	2 – 5 years \$
Trade and other payables	1,388,547	1,388,547	1,388,547	-
Convertible note - liability	6,888,375	8,846,872	-	8,846,872
Finance lease	7,396	7,396	3,060	-
	8,284,319	10,242,816	1,391,607	8,846,872

Consolidated & Parent - 30 June 2008	Carrying amount \$	Contractual cash flows \$	6 months or less \$	2 – 5 years \$
Trade and other payables	741,324	741,324	741,324	-
	741,324	741,324	741,324	-

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 price 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 Company and the Group's objectives when managing capital are to safeguard the Company and the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Company and 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.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

17 FINANCIAL INSTRUMENTS

Fair values

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

CONSOLIDATED	Notes	Carrying amount		Fair value	
		2009 \$	2008 \$	2009 \$	2008 \$
<u>Financial assets</u>					
Cash – floating rate interest	6	9,668,184	507,724	9,668,184	507,724
Cash – fixed term 1 year or less	6	-	1,250,000	-	1,250,000
Total cash and short term deposits		9,668,184	1,757,724	9,668,184	1,757,724
Trade receivables – current	7	54,366	50,659	54,366	50,659
Trade receivables – non current interest bearing	7	273,995	214,858	273,995	214,858
Total receivables		328,361	265,517	328,361	265,517
Total financial assets		9,996,545	2,023,241	9,996,545	2,023,241
<u>Financial liabilities</u>					
Trade payables - non interest bearing	13	(1,388,547)	(741,324)	(1,388,547)	(741,322)
Finance lease		(7,396)	-	(7,396)	-
Convertible note - liability		(6,888,375)	-	(6,888,375)	-
Total payables		(8,284,318)	(741,324)	(8,284,318)	(741,322)
Net financial assets		1,712,226	1,281,917	1,712,226	1,281,919

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

17 FINANCIAL INSTRUMENTS (continued)

	Notes	Carrying amount		Fair value	
		2009 \$	2008 \$	2009 \$	2008 \$
PARENT					
Financial assets					
Cash – floating rate interest	6	9,668,183	507,723	9,668,183	507,723
Cash – fixed term 1 year or less	6	-	1,250,000	-	1,250,000
Total cash and short term deposits		9,668,183	1,757,723	9,668,183	1,757,723
Trade receivables – current	7	54,366	50,659	54,366	50,659
Trade receivables – non current interest bearing	7	273,995	214,858	273,995	214,858
Total receivables		328,361	265,517	328,361	265,517
Total financial assets		9,996,544	2,023,240	9,996,544	2,023,240
Financial liabilities					
Trade payables - non interest bearing	13	(1,388,547)	(741,324)	(1,388,547)	(741,324)
Finance lease		(7,396)	-	(7,396)	-
Convertible note - liability		(6,888,375)	-	(6,888,375)	-
Total payables		(8,284,318)	(741,324)	(8,284,318)	(741,324)
Net financial assets		1,712,224	1,281,916	1,712,224	1,281,916

18 COMMITMENTS AND CONTINGENCIES

Rental property commitments

The Group has entered into a commercial lease for office space in Melbourne, Victoria, for three years (with two remaining).

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:

	CONSOLIDATED		PARENT	
	2009 \$	2008 \$	2009 \$	2008 \$
Within one year	86,450	125,172	86,450	125,172
After one year but not more than five years	85,575	11,024	85,575	11,024
More than five years	-	-	-	-
	172,025	136,196	172,025	136,196

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

18 COMMITMENTS AND CONTINGENCIES (continued)

Employee contract commitments – directors

The value of the future termination payment commitment calculated as at 30 June are as follows:

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Within one year	-	368,488	-	368,488
After one year but not more than five years	-	-	-	-
More than five years	-	-	-	-
	-	368,488	-	368,488

Tenement commitments – Australia

The Group has a portfolio of tenements located in Western Australia, Queensland and Victoria, 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:

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
Within one year	1,274,450	394,350	1,274,450	394,350
After one year but not more than five years	2,488,905	-	2,488,905	-
More than five years	-	-	-	-
	3,763,355	394,350	3,763,355	394,350

Guarantees

The Company has the following contingent liabilities at 30 June 2009:

- 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 2009 was \$204,287 (2008: \$196,390).
- 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.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

19 RELATED PARTY DISCLOSURE

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

	Country of incorporation	Equity interest		Investment	
		2009 %	2008 %	2009 \$	2008 \$
Goldstar Resources (WA) Pty Ltd	Australia	100	100	1	1

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

Subsidiaries

An inter-company loan exists between Orion Gold NL (parent) and Goldstar Resources (WA) Pty Ltd (subsidiary) of \$1,921,979 (2007: \$1,867,081). A provision for impairment of \$1,921,979 (2008: \$1,867,081) 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 in arms length transactions at both normal market prices and normal commercial terms.

Consolidated related parties	Transaction	Transactions value		Balance outstanding	
		2009 \$	2008 \$	2009 \$	2008 \$
Mr A Haller - [Silja Investment Limited]	Legal fees	125,145	-	-	-
	Administrator fees	200,000	-	-	-
	Expense reimbursement	80,801	-	-	-
	Repay working capital loan	75,000	-	-	-
Total		480,946	-	-	-

- i. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.
- ii. Repayment of a \$75,000 working capital loan that was provided to the Company whilst the Company was subject to the DOCA.

20 EVENTS AFTER THE BALANCE SHEET 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 consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years except for those matters referred to below:

- a) On 16 July 2009, the Company announced that the Deed of Company Arrangement had been wholly effected and that the Deed Administrator had retired;
- b) On 21 July 2009, the Company's shares were re-instated to trading on the Australian Securities Exchange;
- c) On 31 July, the Company issued 5,000 ordinary fully paid shares;
- d) On 25 August, the Company issued 25 million options to Mr Martin Bouwmeester;
- e) On 3 September 2009, the Company announced a prospectus to raise \$200,000 with the issue of up to 20 million shares at an issue price of \$0.01 and on 25 September 2009, the Company issued 20 million ordinary fully paid shares to applicants.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

21 AUDITORS' REMUNERATION

	CONSOLIDATED		PARENT	
	2009	2008	2009	2008
	\$	\$	\$	\$
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	32,000	-	32,000	-
Other services in relation to the entity and any other entity in the consolidated entity				
(a) tax compliance	2,500	-	2,500	-
(b) other advisory	21,000	-	21,000	-
	55,500	-	55,500	-
Amounts received or due and receivable by auditors other than KPMG Australia for:				
An audit or review of the financial report of consolidated entities	-	35,000	-	35,000
	55,500	35,000	55,500	35,000

22 KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

(i) Specified directors

Mr Denis Waddell	Chairman (Executive)	Appointed	27 February 2009
Mr Graeme Sloan	Director (Non-executive)	Appointed	27 February 2009
Mr Alexander Haller	Director (Non-executive)	Appointed	23 July 2008
Mr Gordon Hill	Chairman (Non-executive)	Resigned	27 February 2009
Mr Andrew King	Managing Director	Retired	31 August 2008
Ms Eileen Carr	Director (Non-executive)	Resigned	27 February 2009
Dr Jeffrey O'Leary	Director (Non-executive)	Resigned	27 February 2009
Mr Ian Pankhurst	Director (Non-executive)	Resigned	29 November 2008
Mr Peter Hatfull	Director (Non-executive)	Appointed	14 July 2008
		Resigned	25 November 2008
Mr Gordon Lewis	Managing Director	Appointed	1 October 2008
		Resigned	2 January 2009

(ii) Specified executives

Mr Errol du Boulay	Company Secretary	Resigned	9 September 2008
Mr Bruce Paterson	Company Secretary	Appointed	9 September 2008
		Resigned	6 February 2009
Mr Darren Hotton	Company Secretary	Appointed	6 February 2009
		Resigned	23 September 2009
	Chief Financial Officer	Appointed	8 December 2008
		Resigned	30 June 2009
Mr Martin Bouwmeester	General Manager Corporate	Appointed	27 February 2009
	Company Secretary	Appointed	23 September 2009
Dr Jim Anderson	General Manager - Exploration	Appointed	1 July 2009
Mr Shane Hart	General Manager - Walhalla Gold Project	Appointed	8 October 2007
Mr Sean Cahoon	Chief Financial Officer	Appointed	30 June 2009

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

22 KEY MANAGEMENT PERSONNEL (continued)

(b) Key management personnel compensation

The key management personnel compensation is as follows

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	1,041,847	1,297,246	1,041,847	1,297,246
Other long term benefits	-	-	-	-
Post-employment benefits	-	-	-	-
Termination benefits	350,000	-	350,000	-
Share-based payments	97,466	-	97,466	-
	1,489,313	1,297,246	1,489,313	1,297,246

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-08	Granted as remuneration	Options exercised	Net change other	Balance at end of period 30- Jun-09	Not vested & not exercis- able	Vested & exercisable
Specified directors							
Mr Denis Waddell	-	40,000,000	-	-	40,000,000	-	-
Mr Alexander Haller (ii)	-	-	-	300,000,000	300,000,000	-	-
Mr Graeme Sloan	-	-	-	-	-	-	-
Mr Gordon Lewis (i)	-	1,500,000	-	(1,500,000)	-	-	-
Mr Gordon Hill (i)	245,000	-	-	(125,000)	120,000	-	120,000
Mr Andrew King (i)	585,000	-	-	(300,000)	285,000	-	285,000
Ms Eileen Carr (i)	175,000	-	-	(100,000)	75,000	-	75,000
Dr Jeffrey O'Leary (i)	175,000	-	-	(175,000)	-	-	-
Mr Ian Pankhurst (i)	175,000	-	-	(100,000)	75,000	-	75,000
Specified executives							
Mr Shane Hart	-	10,000,000	-	-	10,000,000	-	-
Mr Jim Anderson	-	10,000,000	-	-	10,000,000	-	-
Mr Sean Cahoon	-	5,000,000	-	-	5,000,000	-	-
Mr Martin Bouwmeester	-	20,000,000	-	-	20,000,000	-	-
Mr David Cornes	80,000	-	-	(80,000)	-	-	-
Mr Stuart Hutchin	260,000	-	-	(200,000)	60,000	-	60,000
Mr Darren Hotton	-	-	-	-	-	-	-
Mr Errol du Boulay	-	-	-	-	-	-	-
Mr Bruce Patterson	-	-	-	-	-	-	-
Total	1,695,000	86,500,000	-	297,420,000	385,615,000	-	615,000

(i) includes options that lapsed.

(ii) Mr A Haller holds a relevant interest in Silja Investment Limited.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

22 KEY MANAGEMENT PERSONNEL (continued)

	Balance at beg of period 01- Jul-07	Granted as remuneration	Options exercised	Net change other	Balance at end of period 30- Jun-08	Not vested & not exercisable	Vested & exercisable
Specified directors							
Mr Gordon Hill	245,000	-	-	-	245,000	-	245,000
Mr Andrew King	585,000	-	-	-	585,000	-	585,000
Ms Eileen Carr	175,000	-	-	-	175,000	-	175,000
Dr Jeffrey O'Leary	175,000	-	-	-	175,000	-	175,000
Mr Ian Pankhurst	175,000	-	-	-	175,000	-	175,000
Specified executives							
Mr David Cornes	80,000	-	-	-	80,000	-	80,000
Mr Stuart Hutchin	260,000	-	-	-	260,000	-	260,000
Mr Errol du Boulay	-	-	-	-	-	-	-
Total	1,695,000	-	-	-	1,695,000	-	1,695,000

(d) Shareholdings of Key Management Personnel

Shares held in Orion Gold NL

	Balance 01-Jul-08 ordinary (i) qty	Purchased during the year qty	On options exercised qty	Fully paid contributing shares qty	Disposals of shares qty	Other transfers of shares qty	Balance at end of period 30-Jun-09 qty
Specified directors							
Mr D Waddell	-	5,000,000	-	-	-	-	5,000,000
Mr A Haller (1)	23,912,409	180,000,000	-	-	-	-	203,912,409
Mr G Sloan	-	-	-	-	-	-	-
Mr Gordon Lewis	-	-	-	-	-	-	-
Mr Gordon Hill (2)	447,692	352,749	-	-	-	(800,441)	-
Mr Andrew King (2)	2,143,993	400,000	-	-	-	(2,543,993)	-
Ms Eileen Carr (2)	610,278	150,000	-	-	-	(760,278)	-
Dr Jeffrey O'Leary(2)	140,450	-	-	-	-	(140,450)	-
Mr Ian Pankhurst (2)	3,580,381	383,334	-	-	-	(3,963,715)	-
Specified executives							
Mr Shane Hart	-	-	-	-	-	-	-
Mr Jim Anderson	-	-	-	-	-	-	-
Mr Sean Cahoon	-	-	-	-	-	-	-
Mr Martin	-	-	-	-	-	-	-
Bouwmeester	-	-	-	-	-	-	-
Mr Stuart Hutchin	-	-	-	-	-	-	-
Mr Darren Hotton	-	-	-	-	-	-	-
Mr Errol du Boulay	1,676,297	250,000	-	-	-	(1,926,297)	-
Mr Bruce Paterson	-	-	-	-	-	-	-
Total	32,511,500	186,536,083	-	-	-	(10,135,174)	208,912,409

(1) Mr A Haller's opening balance represents share holdings that were in existence prior to becoming a director of the Company. Mr A Haller also holds relevant interests for Silja investments Limited and Pershing Securities.

(2) The balance represents the share holding of the directors at the date of resignation.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

22 KEY MANAGEMENT PERSONNEL (continued)

	Balance 01- Jul-07 ordinary	Purchased during the year	On options Exercised	Fully paid contributing shares	Balance at end of period 30- Jun-08
Specified directors					
Mr Gordon Hill	447,692	-	-	-	447,692
Mr Andrew King	2,143,993	-	-	-	2,143,993
Ms Eileen Carr	580,278	30,000	-	-	610,278
Mr Robert Carroll	20,000	20,000	-	-	40,000
Dr Jeffrey O'Leary	110,450	30,000	-	-	140,450
Mr Ian Pankhurst	3,580,000	-	-	-	3,580,000
Specified executives					
Mr Errol du Boulay	1,676,297	-	-	-	1,676,297
Total	8,558,710	80,000	-	-	8,638,710

23 SEGMENT REPORTING

The Company operates predominantly in one geographical segment, Australia, and one industry, gold exploration.

Directors' Declaration

- 1 In the opinion of the directors of Orion Gold NL ('the Company'):
 - (a) the financial statements and notes and the Remuneration report in the directors' report, set out on pages 12 to 18, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their 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;
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a);
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 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 2009.

Signed in accordance with a resolution of the directors:

Dated at Melbourne 30th day of September 2009.



Denis Waddell
Chairman
Melbourne, Victoria



Auditor's opinion

In our opinion:

- (a) the financial report of Orion Gold NL is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the Company and the Group entity also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 12 to 18 of the directors' report for the year ended 30 June 2009. 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 2009, complies with Section 300A of the *Corporations Act 2001*.



KPMG



Alison Kitchen
Partner

Melbourne

30 September 2009