

Orion Minerals Group Limited

Interim Financial Report

for the six month period ended 31 December 2012

Unaudited Interim Report

For the six month period ended 31 December 2012

Contents

Contents	2
Directors' Report	3
Unaudited Statement of Comprehensive Income	4
Unaudited Statement of Changes in Equity	5
Unaudited Statement of Financial Position	6
Unaudited Statement of Cash Flows	7
Unaudited Notes to the Financial Statements	8 – 13
Company Directory	14

Orion Minerals Group Limited

Directors' Report

For the six month period ended 31 December 2012


Dear Shareholders,

The Directors are pleased to advise the Company had made a net profit of USD 218,000 for the first half of the financial year.

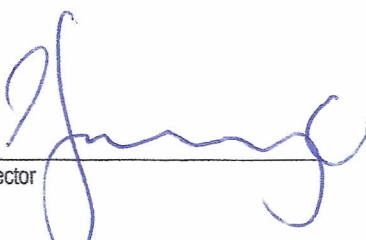
The Directors continue to consider prospective investments that could meet the Company's long term objectives. The strategy, at a time of continuing uncertainty in financial markets continues to be cautious evaluation of new areas for investment while preserving the Company's capital resources. At the time of completing this report no investments meeting the Company's requirements has been identified.

Mr Jianfeng Shen has resigned as a Director and Ms Yanyi Shi has been appointed as a Director. The Company notes its thanks to Mr Shen for his service and welcomes Ms Shi to the Board. Ms Shi is a graduate of the Nanjing University Institute of Technology and is currently employed by Marvel Fantasy Limited and is a specialist in international transport.

Dated: 4th March 2013



Director



Director

Unaudited Statement of Comprehensive Income

For the six month period ended 31 December 2012

		31.12.2012	31.12.2011	30.6.2012
		6 months	6 months	12 months
		unaudited	unaudited	audited
	Note	US\$'000	US\$'000	US\$'000
Revenue		-	-	-
Cost of goods sold		-	-	-
Gross Profit		-	-	-
Other income		-	-	-
Administrative and other expenses		(201)	(196)	(401)
Operating loss		(201)	(196)	(401)
Finance income		114	42	90
Exchange gain		305	640	869
Net profit before taxation		218	486	558
Income tax (expense) / credit		-	-	-
Net profit after taxation for the period attributable to shareholders		218	486	558
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		218	486	558
Earnings per share for profit attributable to shareholders:				
- Basic earnings per share (cents)	3	0.053	0.117	0.135
- Diluted earnings per share (cents)	3	0.053	0.117	0.135

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Unaudited Statement of Changes in Equity

For the six month period ended 31 December 2012

	Share Capital	Accumulated Losses	Total equity
	US\$'000	US\$'000	US\$'000
Group			
Balance as at 1 July 2012	12,501	(4,301)	8,200
Net profit attributable to shareholders	-	218	218
Total comprehensive income	-	218	218
Balance as at 31 December 2012	12,501	(4,083)	8,418
Group			
Balance as at 1 July 2011	12,501	(4,859)	7,642
Net profit attributable to shareholders	-	486	486
Total comprehensive income	-	486	486
Balance as at 31 December 2011	12,501	(4,373)	8,128
Group			
Balance as at 1 July 2011	12,501	(4,859)	7,642
Net profit attributable to shareholders	-	558	558
Total comprehensive income	-	558	558
Balance as at 30 June 2012	12,501	(4,301)	8,200

The above statement of changes in equity should be read in conjunction with the accompanying notes

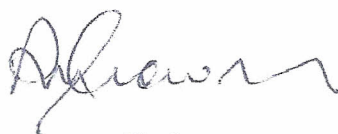
Orion Minerals Group Limited

Unaudited Statement of Financial Position

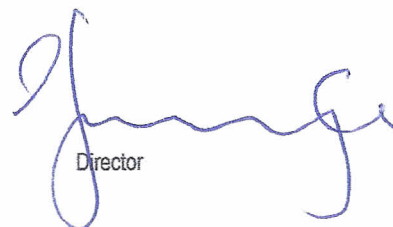
As at 31 December 2012

	Note	31.12.2012 unaudited US\$'000	31.12.2011 unaudited US\$'000	30.6.2012 audited US\$'000
ASSETS				
Non Current Assets				
Property, plant and equipment		1	1	1
Total non current assets		1	1	1
Current Assets				
Cash and cash equivalents		8,276	8,024	8,101
Trade and other receivables		31	41	44
Taxation receivable		119	69	85
Total current assets		8,426	8,134	8,230
TOTAL ASSETS		8,427	8,135	8,231
LIABILITIES				
Current Liabilities				
Trade and other payables		9	7	31
Total current liabilities		9	7	31
TOTAL LIABILITIES		9	7	31
EQUITY				
Share capital	2	12,501	12,501	12,501
Accumulated losses		(4,083)	(4,373)	(4,301)
Total Equity		8,418	8,128	8,200
TOTAL EQUITY AND LIABILITIES		8,427	8,135	8,231

For and on behalf of the Board:



Director



Director

Dated: 4th March 2013

The above statement of financial position should be read in conjunction with the accompanying notes

Unaudited Statement of Cash Flows

For the six month period ended 31 December 2012

	Note	31.12.2012 6 months unaudited US\$'000	31.12.2011 6 months unaudited US\$'000	30.6.2012 12 months audited US\$'000
OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from customers		-	-	-
Interest received		114	42	90
Cash was applied to:				
Payments to suppliers and employees		(208)	(248)	(429)
Interest paid		-	-	-
Income tax paid		(34)	(7)	(23)
Net cash outflows from operating activities	5	(128)	(213)	(362)
INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		-	-	-
Cash was applied to:				
Advance to subsidiary		-	-	-
Net cash inflows / (outflows) from investing activities		-	-	-
FINANCING ACTIVITIES				
Cash was applied to:				
Repayment of borrowings		-	-	-
Net cash outflows from financing activities		-	-	-
Net decrease in cash and cash equivalents		(128)	(213)	(362)
Cash and cash equivalents at the beginning of the period		8,101	7,593	7,593
Effect of exchange rate changes		303	644	870
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		8,276	8,024	8,101
COMPOSITION OF CASH:				
Cash and cash equivalents		8,276	8,024	8,101

The above statement of cash flows should be read in conjunction with the accompanying notes

Unaudited Notes to the Financial Statements

For the six month period ended 31 December 2012

1) General Information

The Group is engaged in a strategy to undertake private equity investment in projects and companies with Chinese market potential.

The Company, Orion Minerals Group Limited, is a limited liability company incorporated and domiciled in New Zealand.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 4th March 2013.

2) Summary of Significant Accounting Policies

These general purpose financial statements for the interim six month reporting period ended 31 December 2012 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), International Accounting Standard 34 and NZ IAS 34 Interim Financial Reporting.

Basis of preparation

The accounting policies have been applied on a basis consistent with those used in the audited financial statements for the year ended 30 June 2012 and the unaudited financial statements for the six months ended 31 December 2011.

These interim financial statements do not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012.

The reporting currency used in the preparation of these consolidated financial statements is United States dollars, rounded where necessary to the nearest thousand dollars.

Entities reporting

The financial statements of the consolidated financial statements of the Group comprising Orion Minerals Group Limited ("Company" or "Parent") and its subsidiary.

The Group is designated as profit oriented entity for financial reporting purposes. No separate Parent results are disclosed in the interim financial statements.

Statutory base

Orion Minerals Group Limited is a company registered under Companies Act 1993 and is an issuer in terms of the Securities Act 1978. The Company is also listed on the New Zealand Alternative Market ("NZAX").

These consolidated interim financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993.

Going concern

The financial statements have been prepared on a going concern basis of accounting. The basis contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates and judgements

The preparation of interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosures of contingent assets and liabilities as at the date of the financial statements, and the profit and loss amounts during the year. The actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

a) Changes in Accounting Policies

There have been no significant changes in accounting policies during the current period. Accounting policies have been applied on a basis consistent with prior half year and annual financial statements.

Unaudited Notes to the Financial Statements

For the six month period ended 31 December 2012

1 Segment Information

The Group previously operated in one business segment, being industrial mining in Chile which was classified within discontinued operations during the year ended 30 June 2011. The Group is engaged in a strategy to undertake private equity investment in projects and companies with Chinese market potential.

Revenue is allocated based on the country where the sale is generated. New Zealand includes holding company costs and head office charges.

Total assets and liabilities are allocated based on where those assets and liabilities are located.

	Six months ended 31 December 2012			Six months ended 31 December 2011		
	Chile	Holding Company New Zealand	Total	Chile	Holding Company New Zealand	Total
	unaudited US\$'000	unaudited US\$'000	unaudited US\$'000	unaudited US\$'000	unaudited US\$'000	unaudited US\$'000
Total external sales revenue	-	-	-	-	-	-
Total EBITDA	-	(201)	(201)	-	(196)	(196)
Depreciation	-	-	-	-	-	-
Finance income	-	114	114	-	42	42
Exchange gain	-	305	305	-	640	640
Finance expense	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
Net profit for the period	-	218	218	-	486	486
Total allocated assets	-	8,427	8,427	-	8,135	8,135
Total allocated liabilities	-	9	9	-	7	7

	Year ended 30 June 2012		
	Chile	Holding Company New Zealand	Total
	audited US\$'000	audited US\$'000	audited US\$'000
Total external sales revenue	-	-	-
Total EBITDA	-	(401)	(401)
Depreciation	-	-	-
Finance income	-	90	90
Exchange gain	-	869	869
Finance expense	-	-	-
Income tax expense	-	-	-
Net profit for the period	-	558	558
Total allocated assets	-	8,231	8,231
Total allocated liabilities	-	31	31

The "Total EBITDA" measure above excludes foreign exchange gains / losses as well as net finance income and depreciation.

Unaudited Notes to the Financial Statements

For the six month period ended 31 December 2012

2 Share Capital

Group	31.12.2012 unaudited Number	31.12.2011 unaudited Number	30.6.2012 audited Number	31.12.2012 unaudited US\$'000	31.12.2011 unaudited US\$'000	30.6.2012 audited US\$'000
Ordinary shares						
Balance at beginning of the period	414,550,000	414,550,000	414,550,000	12,501	12,501	12,501
Shares issued	-	-	-	-	-	-
Balance at end of the period	414,550,000	414,550,000	414,550,000	12,501	12,501	12,501

Parent	31.12.2012 unaudited Number	31.12.2011 unaudited Number	30.6.2012 audited Number	31.12.2012 unaudited US\$'000	31.12.2011 unaudited US\$'000	30.6.2012 audited US\$'000
Ordinary shares						
Balance at beginning of the period	414,550,000	414,550,000	414,550,000	32,355	32,355	32,355
Shares issued	-	-	-	-	-	-
Balance at end of the period	414,550,000	414,550,000	414,550,000	32,355	32,355	32,355

Parent share issue details and rights**Ordinary shares**

As at 31 December 2012 there were 414,550,000 shares issued. All ordinary shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each share.

Share Options**Placement options**

On 10 December 2008, the Company granted 50,000,000 Placement Options.

These options have the following terms:

- One Placement Option entitles the holder to purchase one fully paid ordinary share.
- The exercise price is USD 12.5 cents (subject to adjustment under the NZAX Listing Rules).
- Placement Options can only be exercised within an exercise period commencing on 10 December 2008 and ending on 10 December 2011 ("exercise period").
- The Placement Options will lapse if they are not exercised by the end of the exercise period.
- The Placement Options are freely transferable.
- Payment must be made in full on the date the options are exercised.

The Placement Options were not exercised on or before 10 December 2011, and therefore lapsed.

Executive options

On 11 December 2008, 6,500,000 Executive Options were issued to two of the Directors of the Company (and their nominees).

These options have the following terms:

- One Executive Option entitles the holder to purchase one fully paid ordinary share.
- The exercise price is USD 12.5 cents (subject to adjustment under the NZAX Listing Rules).
- Executive Options can only be exercised within an exercise period commencing from the date of issue on 11 December 2008 and ending on 11 December 2011 ("exercise period").
- The Executive Options will lapse if they are not exercised by the end of the exercise period.
- The Executive Options are freely transferable.
- Payment must be made in full on the date the options are exercised.

The Executive Options were not exercised on or before 11 December 2011, and therefore lapsed.

Unaudited Notes to the Financial Statements

For the six month period ended 31 December 2012

2 Share Capital (continued)**Share option movements**

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Six months ended 31 December 2012		Six months ended 31 December 2011	
	Average	Options	Average	Options
	exercise price		exercise price	
	unaudited	unaudited	unaudited	unaudited
	US per shares	000	US per share	000
Balance at beginning of the period	-	-	0.125	56,500
Lapsed during the period	-	-	0.125	(56,500)
Balance at end of the period	-	-	-	-

	Year ended 30 June 2012	
	Average	Options
	exercise price	
	audited	audited
	US per share	000
Balance at beginning of the period	0.125	56,500
Lapsed during the period	0.125	(56,500)
Balance at end of the period	-	-

No shares of the Company were reserved for issuance under the above share options.

3 Earnings per share

Basic earnings per share is calculated by dividing the profit by the weighted average number of ordinary shares on issue during the period.

Diluted earnings per share is calculated by dividing the profit by the weighted average number of ordinary shares on issue during the period adjusted to assume conversion of dilutive potential ordinary shares as a result of the issue of share options. The Company's share options, as detailed in Note 2, were dilutive potential ordinary shares until the date on which they lapsed. The share options were reviewed to determine the number of options which would be exercisable based on comparing the exercise price to the average market share price for the period.

	31.12.2012	31.12.2011	30.6.2012
	6 months	6 months	12 months
	unaudited	unaudited	audited
	000	000	000
Basic earnings per share			
Net profit attributable to shareholders (US\$'000)	218	486	558
Number of ordinary shares on issue (thousands)	414,550	414,550	414,550
Weighted average number of ordinary shares on issue (thousands)	414,550	414,550	414,550
Basic earnings per share attributable to shareholders (cents)	0.053	0.117	0.135
Diluted earnings per share			
Weighted average number of ordinary shares on issue (thousands)	414,550	414,550	414,550
Adjustment for dilutive share options	-	-	-
Weighted average number of diluted shares on issue (thousands)	414,550	414,550	414,550
Diluted earnings per share attributable to shareholders (cents)	0.053	0.117	0.135

Unaudited Notes to the Financial Statements

For the six month period ended 31 December 2012

4 Related Party Information**Parent Entity**

The ultimate parent entity within the Group is Orion Minerals Group Limited.

Subsidiaries

Orion Minerals Group Limited has no subsidiaries as at 31 December 2012. Orion Group Holdings Limitada was liquidated on 7 September 2011.

Transactions with Subsidiaries

There have been no transactions with subsidiaries during the period ended 31 December 2012 (Six month period to 31 December 2011: nil; Year ended 30 June 2012: nil).

Directors

The names of persons who were directors of the Company at any time during the current and previous financial periods are as follows: Roger Gower, Sean Joyce, Ping Li, Zhmin Shi and Jianfeng Shen.

Key Management and Personnel Compensation

Key management personnel compensation is set out below. The key management personnel are all the directors of the Company and the executives reporting directly to the CEO with the greatest authority for the strategic direction and management of the Company.

	31.12.2012 6 months unaudited US\$'000	31.12.2011 6 months unaudited US\$'000	30.6.2012 12 months audited US\$'000
Payments made to key personnel are as follows and includes:			
Salaries and other short term employee benefits	-	-	-
Directors' remuneration			
R Gower, Director – Roger Gower & Associates	44	44	88
S Joyce, Director	30	30	60
P Li, Director	30	30	61
J Shen, Director	15	15	29
Z Shi, Director	30	31	61
Total directors' remuneration	149	150	299
Other services			
S Joyce – Corporate Counsel – legal fees	4	-	-
Balances outstanding			
Roger Gower – Roger Gower & Associates – trade payable	4	2	3

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel and their related entities on an arm's length basis.

Unaudited Notes to the Financial Statements

For the six month period ended 31 December 2012

5 Reconciliation of profit after taxation to net cash outflow from operating activities

Reconciliation with Net Reported Profit	31.12.2012 6 months unaudited US\$'000	31.12.2011 6 months unaudited US\$'000	30.6.2012 12 months audited US\$'000
Reported net profit after taxation for the period	218	486	558
Items not involving cash flows:			
Exchange gain on net cash	(303)	(644)	(870)
Impact of changes in working capital items:			
Decrease / (increase) in prepayments and other receivables	13	(8)	(11)
(Increase) in taxation receivable	(34)	(7)	(23)
(Decrease) in trade payables	(5)	(19)	(12)
(Decrease) in other payables	(17)	(21)	(4)
Net cash outflows from operating activities	(128)	(213)	(362)

6 Contingent Liabilities

There are no contingent liabilities as at 31 December 2012 (31 December 2011: nil; 30 June 2012: nil).

7 Capital Expenditure Commitments

There are no capital expenditure commitments as at 31 December 2012 (31 December 2011: nil; 30 June 2012: nil).

8 Operating Leases

The Group and Parent have no operating leases in existence at 31 December 2012 (31 December 2011: nil; 30 June 2012: nil).

9 Events Subsequent to Interim Balance Date

On 31 January 2013, Mr Jianfeng Shen resigned as a director of the Company. On 26 January 2013, Ms Yanyi Shi was appointed as a director of the Company by the Board of Directors to fill the casual vacancy left by the resignation of Mr Shen. There have been no other events subsequent to 31 December 2012 which are considered to have a material effect on these financial statements.

Company Directory

For the six month period ended 31 December 2012

Directors

R H Gower
S R Joyce
P Li
J Shen
Z Shi

Registered Office

c/- Roger Gower & Associates
Level 3, VTR Building, 24 Manukau Road
Epsom, Auckland 1023, New Zealand

Postal Address

c/- Roger Gower & Associates
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Epsom, Auckland 1023, New Zealand

Bankers

ASB Bank Limited
PO Box 35
Shortland Street
Auckland 1140

Auditors

PricewaterhouseCoopers
188 Quay Street
Auckland
New Zealand

Share Registry

Link Market Services
Level 16, Brookfield House
19 Victoria Street West
Auckland 1010

PO Box 91976
Auckland 1142
New Zealand