

Orion Minerals Group Limited

Annual Report 2013

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Directors' Report

For the year ended 30 June 2013

Dear Shareholders,

The Directors have been seeking business arrangements that provide the best long term opportunities for the Company. As advised to the market the Company has determined that a scrap metal business aimed at exporting scrap metal will provide good opportunities for the Company.

At a Special Meeting of shareholders on 17 July 2013 shareholder approval was given to commence a new business operation in Australia processing scrap metal for export sale to Chinese markets.

The key components of the new business are as follows:

- The Company has set up an Australian incorporated company, China Scrap Metal Resources Pty Limited, ("China Scrap Metal Resources") a wholly owned subsidiary of the Company to undertake business operations in Australia. The Company has made an advance of AUD \$1,000,000 to China Scrap Metal Resources subsequent to year end;
- China Scrap Metal Resources has entered into a lease arrangement to lease a 4.5 hectare industrial site located in Geelong, Melbourne approximately 9 km from the Geelong Port. The annual rental for the Lease is AUD \$195,000 per annum, plus operating expenses. The Lease has an initial term of two years, with a further right of renewal of two years;
- China Scrap Metal Resources is in the process of acquiring (by purchase or equipment lease) specialised plant and equipment to process, weigh and transport the scrap metal;
- It is expected that the capital costs of acquiring the plant and equipment will be approximately USD \$746,000 and as at the date of this report no plant and equipment purchases or leases have been concluded;
- China Scrap Metal Resources will employ several staff to operate the scrap metal facility and the aggregate annual salary costs are expected to be approximately AUD \$410,000;
- China Scrap Metal Resources will aggregate, sort and process the scrap metal at its premises and then market the scrap into the international scrap metal markets;
- The Company is in the process of obtaining all town planning consents required to operate the business operation from the leased premises. The primary consent required to be obtained is the planning permit for the permitted use to be issued by the City of Greater Geelong.

Scrap metal acquisition, processing and sales operations are not expected to begin before the October quarter of 2013 and the timing is primarily dependent on the receipt of the permitting approvals of the City of Greater Geelong.

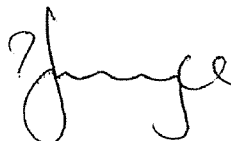
Result

The financial result for the year ended 30 June 2013 for the Company is a loss of USD \$784,000, brought about mainly through the decline in value of the Australian Dollar against the US Dollar. The Company decided to convert most of its US dollar cash to Australian Dollar cash so as to de-risk any Australian investment. Unfortunately as the Company reports in US Dollars, the recent decline in the Australian Dollar to US Dollar cross rate has impacted the Company's profits. The foreign exchange loss component is USD \$482,000.

Dated: 13th September 2013



Director



Director



Independent Auditors' Report to the shareholders of Orion Minerals Group Limited

Report on the Financial Statements

We have audited the financial statements of Orion Minerals Group Limited ("the Company") on pages 6 to 25, which comprise the statements of financial position as at 30 June 2013, the statements of comprehensive income and statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entity it controlled at 30 June 2013 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditors we have no relationship with, or interests in, Orion Minerals Group Limited or its subsidiary.



Independent Auditors' Report

Orion Minerals Group Limited

Opinion

In our opinion, the financial statements on pages 6 to 25:

- (i) comply with generally accepted accounting practice in New Zealand;
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the financial position of the Company and the Group as at 30 June 2013, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2013:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in purple ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
13 September 2013

Auckland

Statement of Comprehensive Income

For the year ended 30 June 2013

		Parent	
		30.6.2013	30.6.2012
		12 months	12 months
	Note	US\$'000	US\$'000
Revenue		-	-
Cost of goods sold		-	-
Gross Profit		-	-
Other income		-	-
Administrative and other expenses	2	(444)	(401)
Operating loss		(444)	(401)
Finance income		142	90
Exchange (loss) / gain		(482)	869
Net (loss) / profit before taxation		(784)	558
Income tax (expense) / credit	3	-	-
Net (loss) / profit after taxation for the year attributable to shareholders		(784)	558
Other comprehensive income for the year		-	-
Total comprehensive (loss) / income for the year		(784)	558
Earnings per share for (loss) / profit attributable to shareholders:			
- Basic (loss) / earnings per share (cents)	5	(0.189)	0.135
- Diluted (loss) / earnings per share (cents)	5	(0.189)	0.135

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



Statement of Changes in Equity

For the year ended 30 June 2013

	Share Capital	Accumulated Losses	Total equity
	US\$'000	US\$'000	US\$'000
Parent			
Balance as at 1 July 2011	32,355	(24,713)	7,642
Net profit attributable to shareholders	-	558	558
Total comprehensive income	-	558	558
Balance as at 30 June 2012	32,355	(24,155)	8,200
Net loss attributable to shareholders	-	(784)	(784)
Total comprehensive loss	-	(784)	(784)
Balance as at 30 June 2013	32,355	(24,939)	7,416

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



Statement of Financial Position

As at 30 June 2013

		Parent	
	Note	30.6.2013 US\$'000	30.6.2012 US\$'000
ASSETS			
Non Current Assets			
Property, plant and equipment	6	-	1
Investment in subsidiary	14	-	-
Total non current assets		<u>-</u>	<u>1</u>
Current Assets			
Cash and cash equivalents	7	7,339	8,101
Trade and other receivables	8	36	44
Taxation receivable	9	120	85
Total current assets		<u>7,495</u>	<u>8,230</u>
TOTAL ASSETS		<u>7,495</u>	<u>8,231</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	11	79	31
Total current liabilities		<u>79</u>	<u>31</u>
TOTAL LIABILITIES		<u>79</u>	<u>31</u>
EQUITY			
Share capital	4	32,355	32,355
Accumulated losses		(24,939)	(24,155)
Total Equity		<u>7,416</u>	<u>8,200</u>
TOTAL EQUITY AND LIABILITIES		<u>7,495</u>	<u>8,231</u>

For and on behalf of the Board:



Director



Director

Dated: 13th September 2013

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



Statement of Cash Flows

For the year ended 30 June 2013

	Note	Parent	
		30.6.2013 12 months US\$'000	30.6.2012 12 months US\$'000
OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		-	-
Interest received		138	90
Cash was applied to:			
Payments to suppliers and employees		(387)	(429)
Income tax paid	9	(35)	(23)
Net cash outflows from operating activities		(284)	(362)
Net decrease in cash and cash equivalents		(284)	(362)
Cash and cash equivalents at the beginning of the year		8,101	7,593
Effect of exchange rate changes		(478)	870
CASH AND CASH EQUIVALENTS AT END OF YEAR		7,339	8,101
COMPOSITION OF CASH:			
Cash and cash equivalents	7	7,339	8,101

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



Statement of Cash Flows

For the year ended 30 June 2013

Reconciliation with Net Reported (Loss) / Profit	Parent	
	30.6.2013 12 months US\$'000	30.6.2012 12 months US\$'000
Reported net (loss) / profit after taxation	(784)	558
Items not involving cash flows:		
Depreciation expense	1	-
Exchange loss / (gain) on net cash	478	(870)
	(305)	(312)
Impact of changes in working capital items:		
Decrease / (increase) in prepayments and other receivables	8	(11)
Increase in taxation receivable	(35)	(23)
Increase / (decrease) in trade payables	17	(12)
Increase / (decrease) in other payables	31	(4)
Net cash outflows from operating activities	(284)	(362)

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



Statement of Accounting Policies

For the year ended 30 June 2013

1) General Information

The Company has previously been engaged in a strategy to undertake private equity investment in projects and companies with Chinese market potential. At a Special Meeting of shareholders held on 17 July 2013 approval was given to commence a new business operation in Australia processing scrap metal for export sale to Chinese markets.

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

The financial statements have been approved for issue by the Board of Directors on 13th September 2013.

The Company's owners do not have the power to amend these financial statements once issued.

2) Summary of Significant Accounting Policies

These general purpose financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable New Zealand Financial Reporting Standards. The financial statements comply with International Financial Reporting Standards (IFRS).

a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

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

Reporting entity

The financial statements presented are for Orion Minerals Group Limited as a separate legal entity. The Company is designated as a profit oriented entity for financial reporting purposes.

On 30 May 2013, a new subsidiary company, China Scrap Metals Resources Pty Ltd, was registered with the Australian Securities & Investments Commission, in preparation for the proposed new business venture (see note 14 for further details). At 30 June 2013, this subsidiary was non-trading and held no material assets or liabilities. The Parent financial statements as 30 June 2013 therefore represent both the Group and the Parent Company at that date.

Statutory base

Orion Minerals Group Limited is a company registered under the 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").

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies 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.

Critical accounting estimates and judgements

The preparation of these financial statements in conformity with generally accepted accounting principles 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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the judgements applied are discussed below.

Income Taxes

Judgement is exercised in determining the timing and extent of recognition of the benefit of tax losses. The benefit of tax losses can be recognised as an asset if its recovery is 'probable' (more likely than not). In the absence of any track record of profitability, convincing evidence is needed of how the losses will be recovered in the future, before any deferred tax asset is recognised. As detailed in note 9, the Company has not recognised any benefit at 30 June 2013 in respect of the tax losses generated to 30 June 2013 date, given the history of losses and the expectation that it will be at least two years before taxable profits are available against which these tax losses will be utilised.

Statement of Accounting Policies

For the year ended 30 June 2013

b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Orion Minerals Group Limited as at 30 June 2013 and the results of the subsidiary for the year then ended. Orion Minerals Group Limited and its subsidiary are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statements of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

d) Foreign Currency Reporting

Functional and presentation currency

Items included in the financial statements of the Company's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in United States dollars, which is the Company's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

e) Revenue Recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services, net of Goods and Services Tax in the ordinary course of the Company's activities. Revenue is recognised as follows:

Finance income

Finance income comprises interest income on funds invested. Interest revenue is recognised as it accrues, using the effective interest method.

f) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statements of comprehensive income 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 comprehensive liability 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 at the time of the transaction affects neither accounting nor taxable profit.

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 at 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.

Deferred tax 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.

Statement of Accounting Policies

For the year ended 30 June 2013

g) Goods and Services Tax (GST)

The statements of comprehensive income and statements of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statements of financial position are stated net of GST, with the exception of trade receivables and payables, which include GST invoiced.

h) Leases

The Company is the Lessee

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated on the same basis as equivalent property, plant and equipment.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of comprehensive income on a straight-line basis over the period of the lease.

i) Statement of Cash Flows

The following is the definition of the terms used in the statements of cash flows:

- i) Cash means coins, notes, demand deposits and other highly liquid investments in which the Company has invested as part of its day to day cash management. Cash includes current liabilities such as negative cash balances in the form of overnight bank overdrafts. Cash does not include receivables or payables or any borrowing that forms part of a term facility.
- ii) Investing activities are those relating to the addition, acquisition and disposal of property, plant and equipment, investments, subsidiaries and other non-current assets.
- iii) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Company.
- iv) Operating activities include all transactions and other events that are not investing or financing activities.

j) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown separately in current liabilities on the statement of financial position.

k) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than one month from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence (such as age of debt, financial difficulty of the counterparty) that the Company will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate. The amount of the provision is recognised in the statements of comprehensive income.

l) Financial Assets

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of balance date.

The Company does not currently have any financial assets classified as financial assets at fair value through profit or loss (2012: none).

ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date which are classified as non-current assets.

The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.



Statement of Accounting Policies

For the year ended 30 June 2013

Purchases and sales of investments are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial asset at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

The Company assesses at each balance date whether there is objective evidence that a financial asset or a group of a financial asset is impaired.

m) Property, Plant and Equipment

Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Office Furniture & Equipment - 2-3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statements of comprehensive income.

n) Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. 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).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

Statement of Accounting Policies

For the year ended 30 June 2013

o) Determination of Fair Value

For financial instruments not presented in the balance sheet at fair value, fair value is estimated as follows:

Trade receivables, trade payables, cash and cash equivalents: These are short term in nature and the related carrying value equals their fair value. Fair value of borrowings is estimated using valuation techniques such as discounted cash flow method, using assumptions that are based on observable market conditions and risks at the reporting date.

Provisions have been made where there is objective evidence that the Company will not be able to collect all the amounts due per the original terms of the receivables. Such amounts have been deducted from the respective accounts. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statements of comprehensive income.

p) Trade and Other Payables

Trade and other payables represent unsecured liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

q) Provisions

Provisions are recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required will be required in settlement is determined by considering the class of obligations as a whole.

r) Share Capital

Ordinary Shares

Ordinary shares are classified as capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

s) Dividends

Provision is made for the amount of any dividend declared on or before balance date but not distributed at balance date.

t) Earnings per Share

The Company 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 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.

u) Share Options

The fair value of options granted to Directors under equity-settled schemes are recognised as an expense in the statements of comprehensive income with a corresponding increase in the share option reserve. When options are exercised the amount in the share option reserve relating to those options, together with the exercise price paid by the Director, is transferred to share capital.



Statement of Accounting Policies

For the year ended 30 June 2013

3) New Standards

The Company has adopted the following new and amended NZ IFRSs of relevance to the Company as of 1 July 2012 in preparing these financial statements:

a) FRS 44, 'New Zealand Additional Disclosures and Harmonisation Amendments' (effective for annual periods beginning on or after 1 July 2011)
FRS 44 sets out New Zealand specific disclosures for entities that apply NZ IFRSs. These disclosures have been relocated from NZ IFRSs to clarify that these disclosures are additional to those required by IFRSs. The Harmonisation Amendments amends various NZ IFRSs for the purpose of harmonising with the source IFRSs and Australian Accounting Standards. This standard has not impacted the reported result or net assets but has resulted in certain disclosure changes.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 July 2012, but which the Company has not early adopted. The Company has identified the following standards as relevant and note that adoption will not have a material effect on the Company's accounts, but will require additional disclosure:

a) NZ IAS 27, 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2013)

NZ IAS 27 is renamed Separate Financial Statements and is now a standard dealing solely with separate financial statements. Application of this standard by the Company will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the parent's investments in the separate parent entity financial statements.

b) NZ IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2015)

This standard replaces part of NZ IAS 39 Financial Instruments: Recognition and Measurement. The standard applies to financial assets, their classification and measurement. IFRS 9 requires two primary measurement categories for financial instruments, amortised cost and fair value. The determination is made at initial recognition. All equity investments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss.

c) NZ IFRS 13, 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2013)

The standard replaces the fair value measurement guidance contained in individual NZ IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurement.

d) NZ IFRS 10, 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2013)

The standard replaces all of the guidance on control and consolidation in NZ IAS 27. The standard introduces a single definition of control that applies to all entities.

e) NZ IFRS 12, 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2013)

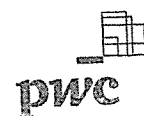
NZ IFRS 12 sets out the disclosure requirements for entities reporting under the two new standards, NZ IFRS 10 and NZ IFRS 11, and replaces the disclosure requirements currently found in NZ IAS 28.

f) NZ IAS 1, 'Amendments Presentation of Items of Other Comprehensive Income' (effective for annual periods beginning on or after 1 July 2012)

The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Company expects to adopt the amendment in the financial statements for the annual reporting period ending 30 June 2014.

g) Amendments to NZ IFRS arising from Annual Improvements 2009-2011 cycle (effective for annual periods beginning on or after 1 January 2013)

In June 2012 a number of amendments were made to NZ IFRS as a result of the 2009-2011 annual improvements project. The Company will apply the amendments from 1 July 2013 and do not expect that any material adjustments will be necessary as the result of applying the revised rules.



Notes to the Financial Statements

For the year ended 30 June 2013

1 Segment Information

The Company has previously been engaged in a strategy to undertake private equity investment in projects and companies with Chinese market potential. At a Special Meeting of shareholders held on 17 July 2013 approval was given to commence a new business operation in Australia processing scrap metal for export sale to Chinese markets.

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.

	Year ended 30 June 2013		Year ended 30 June 2012	
	Holding Company New Zealand US\$'000	Total US\$'000	Holding Company New Zealand US\$'000	Total US\$'000
Total external sales revenue	-	-	-	-
Total EBITDA	(443)	(443)	(401)	(401)
Depreciation	(1)	(1)	-	-
Finance income	142	142	90	90
Exchange (loss) / gain	(482)	(482)	869	869
Income tax expense	-	-	-	-
Net (loss) / profit for the year	(784)	(784)	558	558
Total allocated assets	7,495	7,495	8,231	8,231
Total allocated liabilities	79	79	31	31

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

2 Operating expenses

	Parent	
	30.6.2013 12 months US\$'000	30.6.2012 12 months US\$'000
Operating expenses include:		
Directors' fees (refer note 13)	306	299
Depreciation		
- Computer hardware & software	1	-
Auditors' fees		
Amounts paid or due and payable to the auditors for:		
- Audit fees paid to principal auditors	21	25
Total Auditors' fees and remuneration	21	25



Notes to the Financial Statements

For the year ended 30 June 2013

3 Income Tax Expense

	Parent	
	30.6.2013	30.6.2012
	12 months	12 months
	US\$'000	US\$'000
Net (loss) / profit for the year before taxation	(784)	558
Tax at the New Zealand rate of 28%	(220)	156
Expenses not deductible for tax	7	4
Foreign exchange gains / (losses) not taxable / (deductible)	87	-
Losses not recognised as asset	126	-
Recognition of prior year tax losses now utilised	-	(160)
Total income tax expense	-	-
Comprising:		
Current income tax expense	-	-
Decrease in deferred tax	-	-
Total income tax expense	-	-

4 Share Capital

	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	Number of Shares		US\$'000	US\$'000
Parent				
Ordinary shares				
Balance at beginning of year	414,550,000	414,550,000	32,355	32,355
Shares issued	-	-	-	-
Balance at end of year	414,550,000	414,550,000	32,355	32,355

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

As at 30 June 2013 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.



Notes to the Financial Statements

For the year ended 30 June 2013

4 Share Capital (continued)**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.

Share option movements

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

	Year ended 30 June 2013		Year ended 30 June 2012	
	Average	Options	Average	Options
	exercise price		exercise price	
	US per share	000	US per share	000
Balance at beginning of year	-	-	0.125	56,500
Lapsed during the year	-	-	0.125	(56,500)
Balance at end of year	-	-	-	-

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

There were no share options outstanding at the end of the year (30 June 2012: nil).

5 Earnings per Share

Basic earnings per share is calculated by dividing the (loss) / profit by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share is calculated by dividing the (loss) / profit by the weighted average number of ordinary shares on issue during the year 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 4, were potential dilutive 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.

	30.6.2013 12 months 000	30.6.2012 12 months 000
Basic (loss) / earnings per share		
Net (loss) / profit attributable to shareholders	(784)	558
Number of ordinary shares on issue (thousands)	414,550	414,550
Weighted average number of ordinary shares on issue (thousands)	414,550	414,550
Basic (loss) / earnings per share attributable to shareholders (cents)	(0.189)	0.135
Diluted (loss) / earnings per share		
Weighted average number of ordinary shares on issue (thousands)	414,550	414,550
Adjustment for dilutive share options	-	-
Weighted average number of diluted shares on issue (thousands)	414,550	414,550
Diluted (loss) / earnings per share attributable to shareholders (cents)	(0.189)	0.135



Notes to the Financial Statements

For the year ended 30 June 2013

6 Property, Plant and Equipment

	Office furniture & equipment US\$'000	Total US\$'000
Parent		
Cost		
Balance as at 1 July 2011	4	4
Additions	-	-
Balance as at 30 June 2012	4	4
Additions	-	-
Balance as at 30 June 2013	4	4
Accumulated depreciation		
Balance as at 1 July 2011	3	3
Depreciation charge for the year	-	-
Balance as at 30 June 2012	3	3
Depreciation charge for the year	1	1
Balance as at 30 June 2013	4	4
Carrying amounts		
At 1 July 2011	1	1
At 30 June 2012	1	1
At 30 June 2013	-	-

7 Cash and Cash Equivalents

	Parent	
	30.6.2013 US\$'000	30.6.2012 US\$'000
The carrying amount of the Company's cash and cash equivalents are denominated in the following currencies:		
New Zealand dollars	36	8,086
United States dollars	78	15
Australian dollars	7,225	-
Total cash and cash equivalents	7,339	8,101

The carrying amount for cash and cash equivalents equals the fair value.



Notes to the Financial Statements

For the year ended 30 June 2013

8 Trade and Other Receivables

	Parent	
	30.6.2013	30.6.2012
	US\$'000	US\$'000
Other receivables	17	12
Prepayments	19	32
Total trade and other receivables	36	44

Foreign currency risk

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

Australian dollars	4	-
New Zealand dollars	32	44
Total trade and other receivables	36	44

The fair value of other receivables approximates their carrying value.

9 Taxation

	Parent	
	30.6.2013	30.6.2012
	US\$'000	US\$'000
Taxation receivable		
Balance at beginning of year	85	62
Current taxation	-	-
Tax paid	35	23
Total taxation receivable	120	85

The Parent has no deferred tax.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Parent did not recognise deferred income tax assets of US\$359,000 (30 June 2012: US\$233,000) in respect of gross tax losses amounting to US\$1,281,000 (30 June 2012: US\$831,000) that can be carried forward against future taxable income, subject to meeting the requirements of Income Tax Legislation, including those relating to shareholder continuity.

10 Imputation credits

	Parent	
	30.6.2013	30.6.2012
	US\$'000	US\$'000
Imputation credits available for use in subsequent periods	115	80



Notes to the Financial Statements

For the year ended 30 June 2013

11 Trade and Other Payables

	Parent	
	30.6.2013	30.6.2012
	US\$'000	US\$'000
Trade payables	26	11
Trade payables to related parties	5	3
Accrued expenses	35	17
Accrued expenses to related parties	13	-
Total trade and other payables	79	31

Foreign currency risk

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

Australian dollars	14	-
New Zealand dollars	65	31
Total trade and other payables	79	31

Fair value

The fair value of trade and other payables approximates their carrying value. No interest is paid on payables.

12 Financial Instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out centrally by the head office under policies approved by the Board of Directors. The Board provides written principles for overall risk management as well as policies covering specific areas such as interest rate risk, credit risk, use of derivative financial instruments and non derivative financial instruments.

The Company has entered into a number of non-derivative financial instruments all of which are classified as loans and receivables. The carrying values of these items approximate their fair value and represent the maximum exposures for each type of financial instrument. They are listed as follows:

		Parent	
		30.6.2013	30.6.2012
		US\$'000	US\$'000
Loans and receivables	Note		
Cash and cash equivalents	7	7,339	8,101
Trade and other receivables	8	17	12
Trade and other payables	11	(79)	(31)
Total		7,277	8,082

The Company does not have any derivative financial instruments (2012: nil).

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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising the return on risk. The only market risk the Company is exposed to is interest rate and foreign currency risk.

Foreign currency risk

The Company's functional reporting currency is the United States dollar.

The Company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising principally on cash balances. The Company policy is to balance continuing foreign currency requirements to reduce exchange risk while maximising interest receivable available in alternative currencies. The Company decided to convert most of its United States dollar denominated cash to Australian dollars so as to de-risk any Australian investment.



Notes to the Financial Statements

For the year ended 30 June 2013

12 Financial Instruments (continued)

The following table shows the sensitivity of the Company's after tax profit and equity to a movement in the exchange rate of +/-10%. The table assumes a tax rate of 28%.

	Parent	
	30.6.2013	30.6.2012
	US\$'000	US\$'000
Currency amount – monetary assets (including cash) and liabilities denominated in foreign currencies	7,338	8,184
+10% movement		
post tax profit	528	589
equity	528	589
-10% movement		
post tax profit	(528)	(589)
Equity	(528)	(589)

Refer to note 8 and 11 for receivables and payables denominated in foreign currencies.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from cash and cash equivalents. Cash balances denominated in New Zealand dollars and Australian dollars at variable rates expose the Company to cash flow interest rate risk.

The Company has no borrowings issued at variable rates. The Company has New Zealand denominated cash and cash equivalent balances which are subject to variable rates, with an average rate of 3.08% in the year ended 30 June 2013 (2012: 3.15%). The Company has Australian denominated cash and cash equivalents which are subject to variable rates, with an average rate of 1.35% and 2.80% in the year ended 30 June 2013 (2012: nil). The United States dollar denominated cash and cash equivalent balances are non-interest bearing.

The following table shows the sensitivity of the Company's after tax profit and equity to a movement in the interest rate of 100 basis points. The table assumes a tax rate of 28%.

	Parent	
	30.6.2013	30.6.2012
	US\$'000	US\$'000
New Zealand dollar denominated cash and cash equivalents	36	8,086
Australian dollar denominated cash and cash equivalents	7,225	-
+100 basis points movement		
post tax profit	52	58
equity	52	58
-100 basis points movement		
post tax profit	(52)	(58)
equity	(52)	(58)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from cash and cash equivalents, deposits with banks and the Company's receivables from customers. The Company's maximum credit risk is represented by the carrying value of these financial assets. The Company currently has no amounts due from customers. The credit risk associated with cash transactions and deposits is managed through the Company's policies that limit the use of counterparties to high credit quality financial institutions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Trade and other payables will be settled at their values as per the balance sheet within 6 months.



Notes to the Financial Statements

For the year ended 30 June 2013

12 Financial Instruments (continued)**Fair value**

The fair value of trade receivables, trade payables and cash and cash equivalents are determined to be equivalent to their carrying value due to the short term nature of these balances.

Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure that reduces the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital is calculated as "equity" as shown in the consolidated statements of financial position. There are no external capital requirements.

13 Related Party Information**Subsidiaries**

On 30 May 2013, a new subsidiary company, China Scrap Metal Resources Pty Limited, was registered with the Australian Securities & Investment Commission (refer note 14).

Transactions with Subsidiaries

There have been no transactions with subsidiaries during the year ended 30 June 2013 (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, Jianfeng Shen (resigned 31 January 2013) and Yanyi Shi (appointed 26 January 2013).

Key Management and Personnel Compensation

Key management personnel compensation is set out below. The key management personnel are all the directors of the Company.

	Parent	
	30.6.2013	30.6.2012
	12 months	12 months
	US\$'000	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	90	88
S Joyce, Director	62	60
P Li, Director	61	61
J Shen, Director (resigned 31 January 2013)	20	29
Y Shi, Director (appointed 26 January 2013)	12	-
Z Shi, Director	61	61
Total directors' remuneration	306	299
Other services		
S Joyce – Corporate Counsel – legal fees	10	-
Balances outstanding		
Roger Gower – Roger Gower & Associates – trade payable	5	3
Sean Joyce – Corporate Counsel – accrued expenses	1	-
Y Shi – accrued expenses	12	-

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.



14 Changes to Group Structure

China Scrap Metals Resources Pty Limited

China Scrap Metals Resources Pty Limited was registered with the Australian Securities & Investments Commission on 30 May 2013 in preparation for the proposed new business venture. At 30 June 2013, this 100% owned subsidiary was non-trading and held no assets or liabilities.

A Special Meeting of Shareholders was held on 17 July 2013 to obtain shareholder approval for the implementation of the proposed new business venture. Shareholder approval was obtained at the Special Meeting (refer note 18).

15 Contingent Liabilities

There are no contingent liabilities as at 30 June 2013 (30 June 2012: nil).

16 Capital Expenditure Commitments

There are no capital expenditure commitments as at 30 June 2013 (30 June 2012: nil).

17 Operating Leases

The Parent has no operating leases in existence at 30 June 2013 (30 June 2012: nil).

18 Events Subsequent to Balance Date

Special Meeting

Approval of the implementation of a scrap metal operation by the Company

At a Special Meeting of shareholders on 17 July 2013 shareholder approval was given to commence a new business operation in Australia processing scrap metal for export sale to Chinese Markets.

The key components of the new business are as follows:

- The Company has set up an Australian incorporated company, China Scrap Metal Resources Pty Limited, ("China Scrap Metal Resources") a wholly owned subsidiary of the Company to undertake business operations in Australia. An advance of AUD \$1,000,000 has been made to China Scrap Metal Resources from the Company;
- China Scrap Metal Resources has entered into a lease arrangement to lease a 4.5 hectare industrial site located in Geelong, Melbourne approximately 9 km from the Geelong Port. The annual rental for the lease is AUD \$195,000 per annum, plus operating expenses. The lease has an initial term of two years, with a further right of renewal of two years;
- China Scrap Metal Resources is in the process of acquiring (by purchase or equipment lease) specialised plant and equipment to process, weigh and transport the scrap metal;
- It is expected that the capital costs of acquiring the plant and equipment will be approximately USD \$746,000 and as at the date of this report no plant and equipment purchases or leases had been concluded;
- China Scrap Metal Resources will employ several staff to operate the scrap metal facility and the aggregate annual salary costs are expected to be approximately AUD \$410,000;
- The Company is in the process of obtaining all town planning consents required to operate the business operation from the leased premises. The primary consent required to be obtained is the planning permit for the permitted use to be issued by the City of Greater Geelong.

Scrap metal acquisition, processing and sales operations are not expected to begin before the October quarter of 2013.

Shareholder Information

For the year ended 30 June 2013

Stock Exchange Listing

The Company's shares are listed on the New Zealand Alternative Market ("NZAX").

Distributions of Ordinary Shares

as at 30 August 2013

Size of holding	Number of security holders		Number of securities	
	No of holders	%	Shares held	%
1 – 1,000	1,479	93.14%	135,580	0.03%
1,001 – 5,000	39	2.46%	82,237	0.02%
5,001 – 10,000	12	0.75%	90,836	0.02%
10,001 – 100,000	36	2.27%	1,340,598	0.33%
100,001 and over	22	1.38%	412,900,749	99.60%
Total	1,588	100.00%	414,550,000	100.00%

Principal Shareholders**20 Largest Registered Holders of Quoted Equity Securities**

as at 30 August 2013

Shareholder	Shares held	%
Fengli Group (Hong Kong) Co Limited	125,000,000	30.153%
Marvel Fantasy Limited	100,000,000	24.123%
Wallflower Limited	44,667,000	10.775%
Minera Varry Minerals Limited	32,810,000	7.915%
Teagardens Limited	32,710,000	7.890%
APZ Limited	22,500,000	5.428%
Custodial Services Limited	17,000,150	4.101%
Lava Limited	11,314,790	2.729%
Laddara Pty Limited	10,000,000	2.412%
Tuberoze Limited	7,190,000	1.734%
Dunkeld Pastoral Co Pty Limited	4,228,704	1.020%
Michael Lenihan	2,300,000	0.555%
Ross Dix Harvey	696,353	0.168%
Brett Allan Wilkinson & Julie Helen Wilkinson	691,200	0.167%
John Sorensen	400,000	0.096%
John Edward Connell	300,000	0.072%
Aleksander Borowik	250,000	0.060%
Graeme Bruce Lowe	202,000	0.049%
Rex Lissington	200,050	0.048%
Roy Richard Jackson	170,602	0.041%
	412,630,849	99.537%

Fengli Group (Hong Kong) Co. Limited was the registered holder of 50,000,000 Placement Options representing 100% of the Placement Options. The Placement Options lapsed on 10 December 2011.

Substantial Security Holders

As at 30 August 2013 there were a total of 414,550,000 ordinary fully paid shares on issue.

According to notices given to the Company under the New Zealand Securities Market Act 1988, as at 30 August 2013, the substantial security holders in the Company are:

	Number of shares held	Relevant Interest	% of Shares
Fengli Group (Hong Kong) Co. Limited	125,000,000	Beneficial	30.15%
Marvel Fantasy Limited	100,000,000	Beneficial	24.12%

Statutory Information

For the year ended 30 June 2013

Directors*During the 12 months ended 30 June 2013 the persons holding office as directors of the Company were:*

	Position	Status
R Gower	Chairman	Independent, non-executive
S Joyce		Independent, non-executive
P Li		Non-executive
J Shen (resigned 31 January 2013)		Non-executive
Y Shi (appointed 26 January 2013)		Non-executive
Z Shi		Non-executive

Gender Diversity

As at 13 September 2013 the Board of Orion Minerals Group Limited comprised of five directors. Three directors are male and two directors are female.

Directors' Security Holdings*as at 30 June 2013*

	Equity securities held			
	Beneficially owned		Held by associated persons	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	Number	Number	Number	Number
Ordinary Shares (Orion Minerals Group Limited)				
R Gower	-	-	-	-
S Joyce	-	-	20,000	20,000
P Li	-	-	-	-
J Shen	-	-	-	-
Y Shi	-	-	-	-
Z Shi	-	-	-	-

Directors' Interests and Remuneration

Details of the nature and the amount of each major element of the remuneration of each Director for the year ended 30 June 2013 is:

	Fees	Consultancy, Legal, and Other	Salary	Total
	\$'000	\$'000	\$'000	\$'000
Parent				
R Gower	90	-	-	90
S Joyce	62	10	-	72
P Li	61	-	-	61
J Shen	20	-	-	20
Y Shi	12	-	-	12
Z Shi	61	-	-	61
Total Remuneration	306	10	-	316

Statutory Information

For the year ended 30 June 2013

Entries Recorded in the Interests Register

The following entries were recorded in the interests' register of the Company during the year ended 30 June 2013:

(A) SHARE DEALINGS OF DIRECTORS

During the year ended 30 June 2013 no directors traded in the shares of the Company.

(B) DIRECTORS' AND OFFICERS INSURANCE LIABILITY

As permitted by the New Zealand Companies Act 1993, the Company has arranged a policy of Director's and Officers' Liability Insurance which insures those persons indemnified to certain liabilities and costs.

Remunerations of Employees

Other than Directors of the Company noted above, there was no remuneration and benefits paid to any other employee for the year ended 30 June 2013.

Auditors

PricewaterhouseCoopers are the auditors for the Company. They were paid US\$21,000 as audit fees in respect of the last financial period.

Donations

No donations were paid for the year ended 30 June 2013.

Statutory Information

For the year ended 30 June 2013

Corporate Governance

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of behaviour and accountability. The Board intends to develop strategies for the Company, review strategic objectives and monitor the Company's performance against those objectives. The overall goals of the corporate governance process is to:

- drive shareholder value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following primary responsibilities:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- monitoring the financial performance of the Company, including approval of the Company's financial statements;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- review of performance and remuneration of Directors and Executive Officers; and
- establishment and maintenance of appropriate ethical standards for the Company to operate by.

The Directors have appointed an Audit Committee and a Nomination and Remuneration Committee. The Audit Committee is chaired by Mr Roger Gower with Mr Sean Joyce as a member.

The role of the Audit Committee is to take responsibility for overseeing the Company's audit procedures, undertaking management and responsibility for the Company fulfilling its annual audit review, and providing any information required by the Company's auditor.

The role of the Nomination and Remuneration Committee is to consider the appointment of any future Directors and their suitability to hold that position, as well as the employment of senior executive employees of the Company. The Nomination and Remuneration Committee is also responsible for considering the remuneration to be paid to executive employees and Directors.

The Company has adopted corporate governance policies and practices which are appropriate for the size and nature of the Company. The policies adopted include Continuous Disclosure and Trading in securities procedures and policies.

The Board also recognises its duty to ensure that its Shareholders and other stakeholders are informed of all major developments affecting the Company's state of affairs.

Directors

R H Gower
S R Joyce
P Li
Y Shi
Z Shi

Registered Office

c/- Roger Gower & Associates
Level 1, VTR Building, 24 Manukau Road
Epsom, Auckland 1023, New Zealand

Postal Address

c/- Roger Gower & Associates
Level 1, VTR Building, 24 Manukau Road
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