

OMG - Full Year Results for the Year Ended 30 June 2009

ORION MINERALS GROUP LIMITED
RESULTS FOR ANNOUNCEMENT TO THE MARKET (UNAUDITED)

Reporting Period 6 Months to 30 June 2009

Previous Reporting Period 12 Months to 31 December 2008

Amount US\$'000's

Revenue from ordinary activities

Amount US\$'000's Nil

Change % N/A (see commentary)

Profit (Loss) after tax from ordinary activities attributable to ordinary security holders US\$

Amount US\$'000's (1,109)

Change % N/A (see commentary)

Net Profit (Loss) attributable to ordinary security holders

Amount US\$'000's US\$(1,109)

Change % N/A (see commentary)

Dividend

Amount per security It is not proposed to pay a dividend

Imputed amount per security Nil

Orion Minerals Group Limited ("Parent") acquired Minera Varry S.A ("Subsidiary"), a Chilean company which owns a mining concession in Chile on 11 December 2008.

For financial reporting purposes, the acquisition has been accounted for as a reverse acquisition by the Subsidiary of the Parent on 11 December 2008. Therefore the consolidated financial statements are issued in the name of the legal Parent, but are a continuation of the financial statements of the legal Subsidiary Minera Varry, S.A. which is the acquirer for financial reporting purposes ("Group").

Although the Parent's reporting period end is currently 30 June, the Subsidiary currently has a reporting period end of 31 December, and as such results for the 12 months ended and as at 30 June 2009 not available for the Subsidiary.

The consolidated financial statements for the Group are therefore for the six months to 30 June 2009, with comparatives for the previous 12 months to 31 December 2008. The comparatives comprise the results of the Subsidiary for the whole period and the Parent since the date of the reverse acquisition on 11 December 2008.

The Directors confirm that the provision of 6 monthly results in place of 12 month results is not misleading and that there are no seasonal variation in revenue and expenses which are not disclosed.

The Directors have determined to change the balance date of the Parent to 31 December, so that going forward the accounting periods for the group are aligned.

The functional currency of the company is US dollars.

The Group reports a loss of US\$1,109,000 for the period. The losses are attributable to expenditure by the Group during the reporting period in respect of maintaining a corporate structure, associated overhead and operations and initiatives to develop its pre-mining activities.

The Group as at the end of the reporting period had net assets of US\$9,869,000 and as at 11 September 2009 had cash funds of approximately US\$9,500,000. The Group has no bank borrowings and no capital expenditure commitments as at this date.

During the reporting period Fengli Group (Hong Kong) ("Fengli") Limited completed the payment for the balance of its US\$12.5Million subscription to securities in the company.

The Group entered into an exclusive Master Agency Agreement with Fengli for which Fengli is appointed OMG's exclusive sales agent to assist with finding customers for the sale of iron ore, on terms previously advised to the market.

The Group has continued with pre-mining investigations at Javiera and new prospective mining opportunities.

Subsequent to the end of the reporting period the Company completed the acquisition, through its wholly owned Chilean incorporated subsidiary Orion Group Holding Limitada, of Contractual Minera Varray ("CMV") a Chilean incorporated company.

CMV is a special purpose vehicle which holds a 13 year lease to exploit a mining prospect called "Resguardo", situated in the Third Region of Chile.

CMV is currently undertaking a drilling campaign with diamond drillings and the preliminary summary reports on these drillings show the presence of three iron ore deposits.

As OMG is a small company its capital and human resources are limited. Within these resource limits OMG must prioritise its activities so as to ensure that it

exploits the most cost effective and profitable opportunities available to it. To this end, initial advice provided to the Board of OMG indicates that the Resguardo resource may have the following advantages over the existing Javiera mining prospect owned by OMG:

- Resguardo may be easier and more economical to mine;
- Resguardo is located closer to the port.

To date CMV has no definitive detailed reports on Resguardo which confirm the proven or inferred tonnes of iron ore present at the prospect, nor conclusive chemical analysis. These reports are expected to be available within the next three to four months.

On the above basis, the Board of OMG believes it prudent to fully explore the prospective Resguardo opportunity afforded to OMG before committing to the expenditure of the majority of OMG's resources.

Terms of the Resguardo Lease

The lease is between CMV and Southern Copper Corporation, a Peruvian based company.

The initial term of the Lease is for a term of 13 years.

There are limited rights of renewal, subject to either party resolving to terminate the lease at the end of the initial term of the lease, and any renewed term.

The royalty or rent for the Mining Property will be determined according to the percentage of iron in the iron concentrate product produced by CMV and the "freight on board" ("FOB") selling price of the iron ore shipment.

The base price for calculating the royalty is USD40.00 per tonne of iron ore concentrate shipped FOB, with a minimum grade of 64% Fe. At a sales price of USD40.00 FOB per tonne and a grade of 64% the royalty will be USD1.00 per tonne. If the FOB sale price is higher than the base price the royalty will increase according to the percentage Fe concentrate and the FOB price. The minimum royalty will be USD1.00 per tonne.

CMV is only able to mine iron ore and not other minerals that may be deposited within the prospect.

Terms of the Acquisition

The shares in CMV were acquired by Orion Group Holding Limitada from interests associated with Francisco Barriga, a director and significant shareholder

of OMG for a consideration of USD3,294.

CMV has to date been funded by interests associated with Mr Barriga, and as at the date of the completion of the acquisition, CMV was indebted to Mr Barriga for a sum of approximately USD278,194. The parties have agreed that CMV will not be obliged to repay those sums unless the results of the drilling programme and geological and laboratory testing concludes that the mine possesses a minimum reserve of thirty million tonnes of iron ore with a Fe percentage of between 30 to 55 percent of total iron ore ("Condition Subsequent"). Similarly in the event that the Condition Subsequent is not satisfied, the entire transaction can be unwound at the option of OMG.

OMG will be responsible for funding the balance of the drilling programme currently being undertaken by CMV.

Javiera Mining Prospect

The prioritisation of OMG's resources to the Resguardo project means that OMG has spent little time developing its existing Javiera resource. However preliminary reports indicate that the Javiera mine may be more expensive to mine than originally contemplated by the executive of OMG, and further study may indicate the mine is uneconomic to develop at current levels. OMG is seeking further expert advice and analysis on this issue and, following receipt and consideration of this advice and analysis, will reassess the viability and carrying value of the Javiera Mining prospect.

Contact Roger Gower, Chairman (027) 591 4112