ORION MINERALS GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2009

I N D E X

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Bankers	ASB Bank Limited PO Box 35 Auckland

Financial Result
The Company reports an unaudited after tax loss of US$1,840,000 for the six months to 31 December 2009. The functional currency of the company is United States dollars.

Waiver
Although the Group's reporting period end is 30 June, the subsidiary of the Parent company currently has a reporting period end of 31 December, and as such half yearly results as at 31 December 2008 were not available for the subsidiary.

For the interim financial statements to 31 December 2008, the Group received a waiver from the NZX to prepare interim financial statements at 31 December 2008 on an annual basis rather than on a half yearly basis as half yearly information was not available for the Group for that period. The waiver requires that the interim financial statements to 31 December 2009 include the consolidated results for the six months to 31 December 2009, the consolidated results for the 12 months to 31 December 2009 and comparative financial information for the previous corresponding annual period to 31 December 2008.

Resguardo Concession
The Company has previously advised the market that it was undertaking some preliminary drilling works at the "Resguardo" concession in Northern Chile.

That drilling programme has now been completed and the company has concluded that the Resguardo concession does not represent a viable economic mining proposition for Orion Minerals Group ("OMG"). It is not anticipated that any further works will be undertaken in respect of the Resguardo concession.

Progress with the buyback and cancellation of 510 million shares
The Special Meeting to obtain shareholder approval to transfer to Inversiones Barriga S.A. ("Inversiones") the shares held by OMG in its wholly owned subsidiary, Minera Varry S.A., which holds the Javiera concession, in consideration for OMG buying back and cancelling the 510 million OMG shares held by Inversiones ("the Inversiones Shares") was held on Wednesday 24 March 2010, and approval was given by the shareholders to undertake the buyback and cancellation of the 510 million shares.

The acquisition and cancellation of the 510 million shares was completed on 15 April 2010 along with the transfer of the shares held in Minera Varry S.A.

Disclosure Notice
OMG sent a Disclosure Notice to all shareholders of OMG on 23 November 2009 advising that the Company proposes, subject to compliance with the requirements of the Companies Act 1993, to make an offer to acquire, and to ultimately acquire 510,000,000 shares in OMG held by Inversiones Barriga S.A.. Before the Company may make an offer to acquire the Inversiones Shares, it is required to send a Disclosure Notice to all shareholders of the Company specifying that information required by section 62 of the Companies Act 1993.

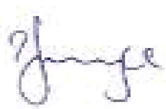
Other arrangements
The Company has assessed the mineral prospects held by Mr Barriga potentially offered to the Company. The Company has determined that these prospects are either uneconomic to mine or are unlikely to yield an economic mine proposition.

Obligation to issue new shares to Fengli
As previously advised to the market, the Company issued 25 million fully paid ordinary shares to Fengli Group (Hong Kong) Co. Limited ("Fengli") on 23 November 2009, pursuant to a subscription agreement between Fengli and the Company. The agreement stated that if the Company did not have evidence from an independent geologist that the mines owned by Minera Varry S.A. have not less than 100 million tonnes of proven reserves of iron ore, Fengli will be issued 25 million fully paid shares as compensation for not satisfying that requirement.

Future prospects
The Company is reviewing further prospects in Chile and will make announcements in due course.

Signed for, and on behalf of the Board. Dated: 28th April 2010

Director



Director

	Six months ended 31 Dec 2009 US $000	Year ended 31 Dec 2009 US $000	Year ended 31 Dec 2008 US $000
Sales revenue		-	-
Cost of goods sold		-	-
Gross profit	$ -	$ -	$ -
Other income	-	-	-
Selling and distribution expenses	-	-	-
Marketing expenses	-	-	-
Administrative and other expenses	(1,751)	(3,075)	(552)
Operating loss	(1,751)	(3,075)	(552)
Finance income	-	4	1
Realised exchange (loss)/gain	(76)	(177)	160
Finance expense	(15)	(25)	(49)
Net loss before income tax	$ (1,842)	$ (3,273)	$ (440)
Income tax	2	17	8
Net loss after tax for the year attributable to shareholders	$ (1,840)	$ (3,256)	$ (432)
Other comprehensive income for the period	-	-	-
Total comprehensive expense for the period attributable to shareholders	$ (1,840)	$ (3,256)	$ (432)
Earnings per share for loss attributable to shareholders:			
- Basic earnings per share (cents)	(0.20)	(0.36)	(0.46)
- Diluted earnings per share (cents)	(0.19)	(0.34)	(0.43)

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

	Share Capital US $000	Retained Earnings US $000	Total Equity US $000
Balance as at 1 January 2008	**17**	**(135)**	**(118)**
Net (loss) attributable to shareholders	-	(432)	(432)
Total recognised income and expenses for the year	-	(432)	(432)
Distributions to owners on acquisition	-	(1,000)	(1,000)
Shares issued	2,688	-	2,688
Balance as at 31 December 2008	**$ 2,705**	**$ (1,567)**	**$ 1,138**
Net (loss) attributable to shareholders	-	(3,256)	(3,256)
Total recognised income and expenses for the year	-	(3,256)	(3,256)
Shares issued	9,839	-	9,839
Balance as at 31 December 2009	**$ 12,544**	**$ (4,823)**	**$ 7,721**

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

ORION MINERALS GROUP LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	NOTE	**31 Dec 2009 US $000**	**30 June 2009 US $000**	31 Dec 2008 US $000
EQUITY				
Share Capital	3	**12,544**	**12,544**	2,705
Retained Earnings		**(4,823)**	**(2,983)**	(1,567)
Total Equity		**7,721**	**9,561**	1,138
LIABILITIES				
Non-current liabilities				
Finance lease payable		**12**	**43**	55
Borrowings	10	**782**	**496**	674
Deferred tax		**-**	**-**	13
Total non-current liabilities		**794**	**539**	742
Current liabilities				
Trade and other payables		**189**	**159**	51
Provisions		**15**	**29**	11
Finance lease payable		**66**	**68**	49
Borrowings	10	**-**	**34**	110
Total current liabilities		**270**	**290**	221
TOTAL LIABILITIES		**1,064**	**829**	963
TOTAL EQUITY AND LIABILITIES		**$ 8,785**	**$ 10,390**	$ 2,101
ASSETS				
Non-current assets				
Property, plant and equipment		**93**	**172**	319
Deferred tax		**6**	**4**	2
Intangible assets	5	**-**	**-**	307
Other non-current assets	6	**11**	**128**	71
Total non-current assets		**110**	**304**	699
Current assets				
Cash and cash equivalents		**8,591**	**9,966**	1,314
Trade and other receivables		**80**	**117**	85
Taxation receivable		**4**	**3**	3
Total current assets		**8,675**	**10,086**	1,402
TOTAL ASSETS		**$ 8,785**	**$ 10,390**	$ 2,101

For and on behalf of the Board

Director

Dated: 28th April 2010

Director

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

	Six months ended 31 Dec 2009 US $000	**Year ended 31 Dec 2009 US $000**	Year ended 31 Dec 2008 US $000
OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers	**-**	**-**	28
Interest received	**-**	**4**	1
Cash was applied to:			
Payments to suppliers and employees	**(1,197)**	**(1,989)**	(450)
Interest paid	**(15)**	**(25)**	(50)
Income tax paid	**-**	**-**	(24)
Net cash (outflows) from operating activities	**(1,212)**	**(2,010)**	(495)
INVESTING ACTIVITIES			
Cash was provided from:			
Cash acquired on reverse acquisition	**-**	**-**	44
Cash was applied to:			
Purchase of property, plant and equipment	**(220)**	**(279)**	(267)
Purchase of equity investments	**-**	**-**	(138)
Purchase of other non current assets	**(122)**	**(179)**	-
Investment in mining projects	**-**	**-**	(48)
Net cash (outflows) from investing activities	**(342)**	**(458)**	(409)
FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds of borrowings	**252**	**360**	710
Proceeds from issue of shares	**-**	**9,839**	2,500
Cash was applied to:			
Distributions to owners on acquisition	**-**	**-**	(1,000)
Repayment of borrowings	**(70)**	**(511)**	-
Net cash inflow from financing activities	**182**	**9,688**	**2,210**
Net increase/(decrease) in cash and cash equivalents	**(1,372)**	**7,220**	1,306
Cash and cash equivalents at the beginning of the period	**9,966**	**1,314**	8
Effect of exchange rate changes	**(3)**	**57**	
Cash and cash equivalents at end of year	**$ 8,591**	**$ 8,591**	$ 1,314
COMPOSITION OF CASH			
Cash and cash equivalents	**9,966**	**9,966**	1,314
	$ 9,966	**$ 9,966**	$ 1,314

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

1. General Information

The group is engaged in research and developmental activities with a view of performing industrial mining activities.

Summary of Significant Accounting Policies

These general purpose financial statements for the interim six months reporting period ended 31 December 2009 have been prepared in accordance with the accounting policies which are compliant with NZ IFRS and will be used in the financial statements to 30 June 2010. The financial statements are in compliance IAS 34 and NZ IAS 34 with the exception of the presentation of annual rather than interim reporting periods for the comparative period. A waiver has been obtained from the NZX as explained below.

(a) Basis of Preparation

The principal accounting policies adopted in the preparation of the financial report 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 consolidated financial statements is United States dollars, rounded where necessary to the nearest thousand dollars.

Entities reporting

The financial statements are the Consolidated Financial Statements of the Group comprising Orion Minerals Group Limited and its subsidiaries together referred to in these financial statements as the 'Company' or 'the Group'.

The Parent and its subsidiary are designated as profit-oriented entities for financial reporting purposes. No separate Parent results are disclosed in the interim financial statements. Orion Minerals Group Limited was acquired by Minera Varry by way of reverse acquisition on 11 December 2008. The consolidated financial statements are issued in the name of the legal Parent, Orion Minerals Group Limited, but are a continuation of the financial statements of the legal subsidiary Minera Varry, who is the acquirer.

Waiver

Although the Group's reporting period end is 30 June, the subsidiary of the Parent company currently has a reporting period end of 31 December, and as such half yearly results as at 31 December 2008 were not available for the subsidiary.

For the interim financial statements to 31 December 2008, the Group received a waiver from the NZX to prepare interim financial statements at 31 December 2008 on an annual basis rather than on a half yearly basis as half yearly information was not available for the Group for that period. The waiver requires that the interim financial statements to 31 December 2009 include the consolidated results for the six months to 31 December 2009, the consolidated results for the 12 months to 31 December 2009 and comparative financial information for the previous corresponding annual period to 31 December 2008.

For comparative purposes, the Directors confirm that the provision of 12 monthly results in place of half yearly results was not mis-leading and that there were no seasonal variations in revenue and expenses which were not disclosed.

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.

Application of NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS)

The financial statements of Orion Minerals Group Limited at 30 June 2008 had been prepared in accordance with NZ IFRS. However, the financial statements of subsidiary Minera Varry until 31 December 2007 had been prepared in accordance with accounting principles generally accepted in Chile "Chilean GAAP", issued by the Chilean Institute of Accountants. When preparing interim financial statements for the Group for the year ended 31 December 2008, management has amended certain accounting and valuation methods to comply with NZ IFRS.

Reconciliations and descriptions of the effect of transition from previous Chilean GAAP to NZ IFRS on the Group's equity and its net income are given in Note 14.

- Equity at 1 January 2007 - opening position
- Equity at 31 December 2007

There are no material differences between the cash flow statement presented under NZ IFRS and the cash flow statement presented under the previous GAAP.

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

Critical accounting estimates and critical 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 of 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.

(b) Principles of Consolidation
Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Orion Minerals Group Limited as at 31 December 2009 and the results of all subsidiaries for the six and twelve months then ended. Orion Minerals Group Limited and its subsidiaries are referred to in these financial statements as the Group or the consolidated entity. In the case of reverse acquisitions the acquirer is the entity whose equity interests have been acquired and the issuing entity is the acquiree.

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, plus costs directly attributable to the acquisition. 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 statement of comprehensive income. In the case of reverse acquisitions the acquirer is the entity whose equity interests have been acquired and the issuing entity is the acquiree.

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 steering committee that makes strategic decisions.

(d) Foreign Currency Translation
Function and presentation currency
Items included in the financial statements of each of the Group'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 statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges.

(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 Group's activities. Revenue is recognised as follows:

Sales - lease income
The vehicle leases are recognised in income at the time the service is provided. These leases are recognised on a monthly fixed price determined for each customer.

Sales - mining income
The Group is in preoperational stage, which to date has not generated revenues from exploitation of mining.

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 statement 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 balance sheet 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 affects neither accounting nor taxable profit.

Deferred tax is measured as 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.

A 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

(g) Goods and Services Tax (GST)
The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(h) Leases
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 statement of comprehensive income on a straight line basis over the period of the lease.

Leases of property, plant and equipment where the Group has 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 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 statement 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.

(i) Statement of Cash Flows
The following is the definition of the terms used in the Statement of Cash Flows:
(i) Cash means coins, notes, demand deposits and other highly liquid investments in which the Group has invested in 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.
(iii) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group.
(iv) Operating activities include all transactions and other events that are not investing or financing activities.

(j) Impairment of non-financial assets
Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds it recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Cash and cash equivalents

Cash and cash equivalents include 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 changes in value, and bank overdrafts. Bank overdrafts are shown separately in current liabilities on the statement of financial position.

(l) 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 Group will not be able to collect all amounts due according to the original terms of receivables. 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 statement of comprehensive income.

(m) Investments and other financial assets

Investments

Investments in subsidiaries in the Parent financial statements are recorded at cost less impairment.

Financial assets at fair value through profit and loss

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.

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 Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are initially recognised at fair value on trade date plus transaction costs. Trade date is the date on which the Group commits to purchase or sell the asset. They are subsequently carried at amortised cost using the effective interest method. The are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimate future cash flows discounted at the financial assets original effective interest rate. The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the loss is recognised in the statement of comprehensive income.

(n) 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 to 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 Group 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 statement of comprehensive income.

(o) Trade and Other Payables

Trade and other payables amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within a month of recognition.

(p) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not than 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 than an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(r) Financing expense
Financing expense comprises interest expense on interest bearing liabilities calculated using the effective interest rate method.

(s) Property, plant and equipment
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 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. Land is not depreciated. 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:

Motor Vehicles - 3 years
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 statement of comprehensive income.

Fixed assets acquired under leasing contracts are presented at current value, considering the respective implied rate.

These assets are not legally owned by the group and, consequently, it can not dispose of them freely until the respective purchase options are exercised.

(t) Mining Claims
The acquisition costs of mining licences are capitalised as intangible assets. The licence costs of successful efforts are amortised over the estimated useful life of the mine commencing from the first year of commercial production from that mine. The licence costs of unsuccessful efforts are considered impaired, and expensed to the statement of comprehensive income when the decision to abandon a licence is made. Licence costs are assessed annually for indicators of impairment. Any impairment in value is taken to the statement of comprehensive income.

(u) Pre-operating mine development
The pre-operating mine development costs, including the costs relating to drilling for determination of reserves and resources, are capitalised. Pre-operating development costs are assessed annually for indicators of impairment. Any impairment in value is taken to the statement of comprehensive income.

(v) Impairment - Financial Assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in the statement of comprehensive income.

(w) Intangible assets
Goodwill
Goodwill represents the excess of the cost of an acquisition over fair value of the net identifiable assets of acquired subsidiaries at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Separately recognised goodwill is annually tested for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(x) Share capital
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.

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

(z) Earnings per Share
The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(aa) Employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ab) Share Options
The fair value of options granted to Directors are recognised as an expense in the statement 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.

2. SEGMENT INFORMATION

The Group operates in one business segment, being industrial mining, and one geographical segment, being Chile.

3. SHARE CAPITAL

	Six months ended 31 Dec 2009 US $000	**Year ended 31 Dec 2009 US $000**	Year ended 31 Dec 2008 US $000
Issued and Paid up Capital - Group			
Balance at beginning of year	12,544	2,705	17
Shares issued	-	9,839	12,500
Unpaid capital	-	-	(10,000)
Reverse acquisition share issue	-	-	188
Balance at end of year	12,544	12,544	2,705

	Six months ended 31 Dec 2009 US $000	**Year ended 31 Dec 2009 US $000**	Year ended 31 Dec 2008 US $000
Issued and Paid up Capital - Parent			
Balance at beginning of period	**67,705**	**57,865**	161
Shares issued	**-**	**-**	12,500
Less: unpaid shares issued	**-**	**10,000**	(10,000)
Shares issue to shareholders of Minera Varry	**-**	**-**	55,204
Share issue costs	**-**	**(160)**	-
	67,705	**67,705**	57,865

	Six months ended 31 Dec 2009 Number	Year ended 31 Dec 2009 Number	Year ended 31 Dec 2008 Number
Issued and Paid up Capital - Parent			
Balance at beginning of period	**899,550,000**	**899,550,000**	30,981,851
Share consolidation	**-**	**-**	(27,883,641)
Shares issued	**25,000,000**	**25,000,000**	100,000,000
Shares issue to shareholders of Minera Varry	**-**	**-**	796,451,790
	924,550,000	**924,550,000**	899,550,000

Parent share issue details and rights
Ordinary shares
As at 31 December 2009 there were 924,550,000 fully paid ordinary shares issued. All ordinary shares rank equally with one vote attached to each share.

Parent shares issued
25,000,000 shares were issued during the six month period ended 31 December 2009 (12 months to 31 December 2009: 25,000,000; 12 months to 31 December 2008: 896,451,790). The 25,000,000 shares issued during the six month period to 31 December 2009 were issued for no consideration to the recipient as compensation to that recipient for not complying with certain contractual obligations to that recipient.

Reverse acquisition share issue
Parent
On 11 December 2008, Minera Varry was acquired in a back door listing by RLV No.3 Limited, which purchased 100% of Minera Varry for US$56,204,065. RLV No.3 Limited changed its name to Orion Minerals Group Limited to reflect the business of that company. This acquisition was satisfied by the issue of 796,451,790 shares at an issue price of US$ 6.93 cents per share (NZ$ 12.5 cents per share) and a distribution to owners on acquisition of US$1,000,000. This gave Minera Varry vendors 99.6% of the issued share capital of RLV No. 3 Limited at that date.

Group
At the reverse acquisition date, RLV No.3 Limited had 3,098,210 shares on issue which had a fair value of US$ 5.7 cents per share to US$ 6.7 cents per share (NZ$ 11 cents per share to NZ$ 13 cents per share). This resulted in a reverse acquisition share issue of US$ 187,694. Further detail is provided in Note 4.

4. REVERSE ACQUISITION

The acquisition of Orion Minerals Group Limited, previously RLV No. 3 Limited, was treated as a reverse acquisition for financial reporting purposes recognising that Minera Varry shareholders retained the controlling interest following the transaction.

Summary of the effect of the reverse acquisition:	US $000
Cash at bank	44
Other current assets	35
Total assets acquired	79
Accounts payable	(60)
Total liabilities acquired	(60)
Net assets acquired	19
Consideration	326
Goodwill on acquisition	307

Consideration funded as follows:		
Issue of shares - 796,451,790 shares as US$ 6.9313 cents per share	55,204	
Portion of combined group obtained by parent company shareholders	0.34%	
Cost of acquisition to Minera Varry acquirers		188
Other acquisition costs		138
Total consideration		326

5. INTANGIBLE ASSETS	**Six months ended 31 Dec 2009 US $000**	**Year ended 31 Dec 2009 US $000**	Year ended 31 Dec 2008 US $000
Goodwill at cost			
Balance at beginning of period	**-**	**307**	-
Goodwill on acquisition	**-**	**-**	307
Impairment recognised through statement of comprehensive income	**-**	**(307)**	-
Balance at end of period	**-**	**-**	307

6. OTHER NON CURRENT ASSETS	**31 December 2009 US $000**	31 December 2008 US $000
Mining claims	**-**	71
Prepayment	**7**	-
Other receivable	**4**	-
	11	71

7. RELATED PARTY TRANSACTIONS

(a) Parent entities
The ultimate parent entity within the group is Orion Minerals Group Limited.

(b) Subsidiary entities
The following subsidiaries are 100% owned:
- Orion Group Holding Limitada
- Sociedad Minera Varry S.A.
- Sociedad Contractual Minera Varry S.A.

Sociedad Contractual Minera Varry S.A was acquired on 10 September 2009 from interests associated with Francisco Barriga.
Orion Group Holding Limitada was incorporated during the period.

(c) Directors
The names of persons who were directors of the company at any time during the current and previous financial periods are as follows:
Francisco Barriga (appointed 11 December 2008; resigned 15 October 2009), Rodrigo Dupouy (appointed 11 December 2008), Roger Gower (appointed 23 July 2008), Sean Joyce (appointed 11 December 2008), Sandra Cornwall (appointed 4 October 2007; resigned 21 July 2008), Kenneth Millar (appointed 4 October 2007; resigned 23 July 2008), David Stubbs (appointed 4 October 2007; resigned 11 December 2008), and Brett Wilkinson (appointed 27 June 2007; resigned 11 December 2008).
Following the Annual General Meeting held on 31 December 2009, Ms Ping Li and Mr Zhimin Shi were appointed directors effective 11 January 2010.

(d) 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. Payments made to key personnel within the group are as follows:

	Six months ended 31 Dec 2009 US $000	**Year ended 31 Dec 2009 US $000**	Year ended 31 Dec 2008 US $000
Salaries and other employee benefits	**162**	**406**	83

(e) Other transactions with key management personnel or entities related to them

Information on transactions with key management personnel or entities related to them, other than compensation, are set out below:

	Six months ended 31 Dec 2009 US $000	**Year ended 31 Dec 2009 US $000**	Year ended 31 Dec 2008 US $000
Purchase of services			
R Gower - Director			
Roger Gower & Associates - Director Fees	**33**	**60**	5
Roger Gower & Associates - Other services	**19**	**25**	7
S Joyce - Director			
Sean Joyce - Director Fees	**26**	**47**	4
Sean Joyce - Other services	**-**	**3**	-
Jones Young - Legal Fees	**22**	**40**	60
Jones Young - Other services	**8**	**8**	-
R Dupouy - Director			
Rodrigo Dupouy - Director Fees	**26**	**47**	3
Dupouy Mendez & Cia - Legal Fees	**68**	**100**	-

	Six months ended 31 Dec 2009 US $000	**Year ended 31 Dec 2009 US $000**	Year ended 31 Dec 2008 US $000
Loans have been advanced to the group from related parties as follows during the year:			
Francisco Barriga - Director	**-**	**-**	206
Minera Varry Minerals Limited Hong Kong	**-**	**-**	200
Inversiones IBSA Ltda	**65**	**230**	126
Ariodos y Asfaltos El Trebot Ltda	**-**	**-**	-
Inversiones Barriga S.A.	**18**	**18**	-
Sociedad Contractual Minera Varry	**-**	**-**	5
Hans Hermosilla	**-**	**-**	1
Full Corp Ltda.	**208**	**208**	-
	291	**456**	538
The group repaid loans to the following			
Francisco Barriga - Director	**-**	**(206)**	-
Sociedad Contractual Minera Varry	**(4)**	**(5)**	-
Arriendo de Maquinaria IB Ltda	**-**	**(90)**	26
Ariodos y Asfaltos El Trebot Ltda	**-**	**(46)**	13
Hans Hermosilla	**(1)**	**(1)**	-
	(5)	**(348)**	**39**

(f) Outstanding balances	**31 Dec 2009 US $000**	**30 June 2009 US $000**	31 Dec 2008 US $000
The following balances are outstanding at the reporting date in relation to transactions with related parties:			
Francisco Barriga - Director	**-**	**-**	206
Minera Varry Minerals Limited Hong Kong	**200**	**200**	200
Arriendo de Maquinaria IB Ltda	**-**	**-**	90
Ariodos y Asfaltos El Trebot Ltda	**-**	**-**	46
Inversiones IBSA Ltda	**356**	**291**	126
Sociedad Contractual Minera Varry	**-**	**4**	5
Hans Hermosilla	**-**	**1**	1
Inversiones Barriga S.A.	**18**	**-**	-
Full Corp Ltda.	**208**	**-**	-
	782	**496**	674

8. CONTINGENT LIABILITIES

Contingent liabilities are contracts, guarantees and other agreements arising in the ordinary course of business on which no loss is anticipated. There are no contingent liabilities in existence as at 31 December 2009 (2008: nil).

9. EVENTS SUBSEQUENT TO INTERIM BALANCE DATE

Resguardo Concession
The Company has advised the market that it was undertaking some preliminary drilling works at the "Resguardo" concession in Northern Chile.

That drilling programme has now been completed and the company has concluded that the Resguardo concession does not represent a viable economic mining proposition for Orion Minerals Group. It is not anticipated that any further works will be undertaken in respect of the Resguardo concession.

Progress with the buyback and cancellation of 510 million shares
The Special Meeting to obtain shareholder approval to transfer to Inversiones Barriga S.A. ("Inversiones") the shares held by OMG in its wholly owned subsidiary, Minera Varry S.A., which holds the Javiera concession, in consideration for OMG buying back and cancelling the 510 million OMG shares held by Inversiones ("the Inversiones Shares") was held on Wednesday 24 March 2010, and approval was given by the shareholders to undertake the buyback and cancellation of the 510 million shares.

The acquisition and cancellation of the 510 million shares was completed on 15 April 2010, along with the transfer of the shares held in Minera Varry S.A.

Other arrangements
The Company has assessed the mineral prospects held by Mr Barriga potentially offered to the Company. The Company has determined that these prospects are either uneconomic to mine or are unlikely to yield an economic mine proposition.

Future Prospects
The Company is reviewing further prospects in Chile and will make announcements in due course.

10. BORROWINGS NOTE

	31 Dec 2009 US $000	30 June 2009 US $000	31 Dec 2008 US $000
Current			
Bank borrowings	-	34	110
Non-current			
Loans from related parties (refer to note 7)	782	496	674
	782	530	784

Bank borrowings matured on 31 December 2009 and incurred an average interest rate of 11.88% annually.

Related party borrowings - No interest is charged on loans from related parties. There is no fixed term for these loans. However, no demand will be made for the repayment of these loans within 12 months from the date of these financial statements.

11. GOING CONCERN

The financial statements, which include a net loss after tax of US$1,840,000 for the Group for the six months ended 31 December 2009 and net assets for the Group of US$7,721,000 have been prepared on a going concern basis of accounting. The basis contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

The group has cash funds of approximately US$11,211,274, no bank borrowings, and no capital expenditure commitments as at this date.

The Directors are of the opinion that the basis upon which the financial statements have been prepared is appropriate in the circumstances.

12. CONSOLIDATED STATEMENT OF CASH FLOWS - RECONCILIATION WITH NET REPORTED LOSS

	Six months ended 31 Dec 2009 US $000	Year ended 31 Dec 2009 US $000	Year ended 31 Dec 2008 US $000
Reported net loss after tax	(1,840)	(3,256)	(432)
Items not involving cash flows:			
Depreciation expense	78	148	77
Unrealised foreign exchange loss	41	67	(44)
Write-down of pre-operating exploration and evaluation costs	220	356	-
Write-down of other non current assets	239	239	-
Impairment of goodwill	-	307	-
Movement in deferred tax	(2)	(17)	(14)
Impact of changes in working capital items:			
Decrease in trade receivables	-	-	6
Decrease (Increase) in prepayments and other assets	37	5	(30)
(Increase) in taxation receivable	(1)	(1)	(3)
Increase in trade payables	67	79	35
(Decrease) in taxation payable	-	-	(24)
(Decrease) increase in other payables and accruals	(51)	63	(66)
Net cash (outflows) from operating activities	$ (1,212)	$ (2,010)	$ (495)

13. CAPITAL EXPENDITURE COMMITMENTS

There are no capital expenditure commitments as at 31 December 2009 (2008: nil).

14. EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS

(a) Reconciliation of equity reported under previous Chilean Generally accepted Accounting Principles (Chilean GAAP) to equity under New Zealand equivalents to IFRS (NZ IFRS)

(i) At the date of transition to NZ IFRS: 1 January 2007	**Previous Chilean GAAP in Peso 000**	**Previous Chilean GAAP in USD 000**	**Effect of Transition to NZ IFRS in USD 000**	**As Reported under NZ IFRS in USD 000**
EQUITY				
Share capital	10,000	17	-	17
Retained Earnings (notes 1 and 2 below)	46,735	90	(3)	87
Total Equity	56,735	107	(3)	104
LIABILITIES				
Non-current liabilities				
Finance lease payable (note 1 below)	-	-	42	42
Deferred tax (note 2 below)	-	-	13	13
Borrowings	-	-	-	-
Total non-current liabilities	-	-	55	55
Current liabilities				
Trade and other payables	5,077	10	-	10
Finance lease payable (note 1 below)	-	-	284	284
Taxation payable	-	-	-	-
Total current liabilities	5,077	10	284	294
TOTAL LIABILITIES	5,077	10	339	349
TOTAL EQUITY AND LIABILITIES	$ 61,812	$ 117	$ 336	$ 453
ASSETS				
Non-current assets				
Property, plant and equipment (note 1 below)	682	1	336	337
Intangible assets	-	-	-	-
Other non-current assets	-	-	-	-
Total non-current assets	682	1	336	337
Current assets				
Cash and cash equivalents	35,021	67	-	67
Trade and other receivables	26,109	49	-	49
Deferred tax	-	-	-	-
Prepayments and other assets	-	-	-	-
Taxation receivable	-	-	-	-
Total current assets	61,130	116	-	116
TOTAL ASSETS	$ 61,812	$ 117	$ 336	$ 453

Note 1: Adjustment due to the recording of leased assets as finance leases with effect from 1 January 2007. As a result of this adjustment a credit of US$10,217 was made to retained earnings.

Note 2: Adjustment due to recognition of a deferred tax liability with effect from 1 January 2007. As a result a charge of US$13,582 was made to retained earnings.

	Previous Chilean GAAP in Peso 000	Previous Chilean GAAP in USD 000	Effect of Transition to NZ IFRS in USD 000	As Reported under NZ IFRS in USD 000
(ii) At the end of the last reporting period under previous GAAP: 31 December 2007				
EQUITY				
Share capital	10,000	17	-	17
Retained Earnings	(49,004)	(135)	-	(135)
Total Equity	(39,004)	(118)	-	(118)
LIABILITIES				
Non-current liabilities				
Finance lease payable	7,237	15	-	15
Deferred tax	12,442	25	-	25
Borrowings	86,988	175	-	175
Total non-current liabilities	106,667	215	-	215
Current liabilities				
Trade and other payables	21,805	44	-	44
Finance lease payable	13,564	27	-	27
Taxation payable	12,052	24	-	24
Total current liabilities	47,421	95	-	95
TOTAL LIABILITIES	154,088	310	-	310
TOTAL EQUITY AND LIABILITIES	$ 115,084	$ 192	$ -	$ 192
ASSETS				
Non-current assets				
Property, plant and equipment	83,146	129	-	129
Intangible assets	-	-	-	-
Other non-current assets	12,000	23	-	23
Total non-current assets	95,146	152	-	152
Current assets				
Cash and cash equivalents	4,166	8	-	8
Trade and other receivables	15,772	32	-	32
Deferred tax	-	-	-	-
Prepayments and other assets	-	-	-	-
Taxation receivable	-	-	-	-
Total current assets	19,938	40	-	40
TOTAL ASSETS	$ 115,084	$ 192	$ -	$ 192

(b) Reconciliation of cash flow statement reported under previous Chilean Generally accepted Accounting Principles (Chilean GAAP) to cash flow statement under New Zealand equivalents to IFRS (NZ IFRS)

The adoption of NZ IFRSs has not resulted in any material adjustments to the cash flow statement.