

ORION MINERALS GROUP LIMITED

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21 February 2011

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Market Information
NZX Limited
WELLINGTON

Change of Direction

The Board of Orion Minerals Group Limited ("OMG") advises that:

1. The Board has spent a significant amount of time reviewing the Company's operations in Chile and the viability and economics of continuing to maintain its current business strategy in Chile;
2. Following the conclusion of the Board's review of the Chilean operations, the Board has resolved to discontinue its present business strategy of investigating opportunities to invest in iron ore (and other mineral) projects in Chile.
3. The principal reasons for this decision relate to the difficulties associated with developing iron ore projects in Chile, namely:
 - (a) There are few deep water port facilities which OMG can readily exploit to ship iron ore economically;
 - (b) Any potentially suitable port facilities in Chile would require significant capital expenditure by the Company to get those facilities to a suitable specification to process iron ore efficiently. The prospective capital costs render the expenditure uneconomic;
 - (c) Given the geography of Chile there is a significant shortage of water to process iron ore and iron ore tailings economically. The primary iron ore deposits located in Chile are located in Copiapo, the driest desert in the world. Local government have very strict regulations on using underground water for industrial use. The costs of acquiring access to water, together with the costs of complying with local government requirements relating to water make the scarcity of water a significant factor against developing a viable mining operation in Chile for the Company;
 - (d) The current cash position of the Company of approximately USD\$7.6 million is not sufficient to develop a standalone mining project in Chile, nor enough to fund an iron ore tailings processing project.
4. The Board of the Company has instructed its executive in Chile to commence the wind down of its operations in Chile and liquidate all of its assets which are located in Chile. These assets are primarily motor vehicles and trucks.
5. The Board of the Company has considered numerous opportunities available to the Company and has resolved that an alternative business strategy that the Company may pursue is to undertake private equity investment in projects and companies with Chinese market potential.

6. This new initiative may involve acquiring stakes in businesses requiring capital to grow, or may comprise investing in business prior to them undertaking an initial public offering of their securities on the Chinese stock exchange.
7. The Board considers that the Company is well placed to use the strong network of associates that its major shareholder, Fengli Group, has in China and the greater Asian region, to source prospective investment opportunities for the Company.
8. The Board believes that superior returns may be generated by the Company investing in the Chinese and greater Asian private equity markets having regard to the exceptional growth in that region.
9. The Board will provide updates on progress with respect to this new initiative as they arise.

END