

**I N D E X**

Page	1	Directory
	2	Directors' Report
	3	Unaudited Statement of Comprehensive Income
	4	Unaudited Consolidated Statement of Changes in Equity
	5	Unaudited Consolidated Statement of Financial Position
	6	Unaudited Consolidated Statement of Cash Flow
	7 - 13	Unaudited Notes to and forming part of the Financial Statements

---

<b>Directors</b>	R H Gower S R Joyce P Li J Shen Z Shi
<b>Registered Office</b>	c/- Jones Young Level 19, BDO Tower 120 Albert Street Auckland New Zealand
<b>Postal Address</b>	P O Box 189 Shortland Street Auckland 1140 New Zealand
<b>Telephone</b>	0-9-3678790
<b>Facsimile</b>	0-9-3678799
<b>Website</b>	<a href="http://www.orionminerals.co.nz">www.orionminerals.co.nz</a>
<b>Share Registrar</b>	Link Market Services Limited Level 16, Brookfield House 19 Victoria Street West Auckland 1010  P O Box 91976 Auckland 1142 New Zealand
<b>Telephone</b>	0-9-3755999
<b>Facsimile</b>	0-9-3755990
<b>Auditors</b>	PricewaterhouseCoopers 188 Quay Street Auckland New Zealand
<b>Bankers</b>	ASB Bank Limited PO Box 35 Auckland

**Financial Result**

The Company reports a profit of US\$ 202,000 for the six months ended 31 December 2010. This compares to a loss of US\$ 1,840,000 for the six months ended 31 December 2009. The improvement in the result was due to reduced overhead costs in Chile and an exchange gain of US\$ 599,000.

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. Following the conclusion of the Board's review of the Chilean operations, the Board resolved to discontinue its present business strategy of investigating opportunities to invest in iron ore (and other mineral) projects in Chile.

The principal reasons for this decision relate to the difficulties associated with developing iron ore projects in Chile, namely:

- There are few deep water port facilities which OMG can readily exploit to ship iron ore economically;
- 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;

Given the geography of Chile there is a significant shortage of water to process iron ore and iron ore tailings economically as the primary iron ore deposits located in Chile are located in Copiapo, the driest desert in the world.

Local governments 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.

The current cash position of the Company of approximately USD\$7.0 million is not sufficient to develop a standalone mining project in Chile, nor enough to fund an iron ore tailings processing project.

The Board has instructed its executive in Chile to wind down its operations in Chile and liquidate all of its assets which are located in Chile. These assets are primarily motor vehicles and trucks.

The Board 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.

This new initiative may involve acquiring stakes in businesses requiring capital to grow, or may comprise investing in businesses prior to them undertaking an initial public offering of their securities on the Chinese stock exchange.

The Board considers that the Company is well placed to use the strong network of associates that its major shareholder, Fengli Group (Hong Kong) Co. Limited, has in China and the greater Asian region, to source prospective investment opportunities for the Company.

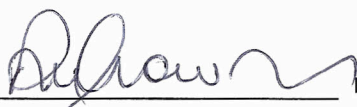
The Board believes that superior returns may be generated by the Company investing in the Chinese and greater Asian private equity markets having regard to the exceptional growth in that region.

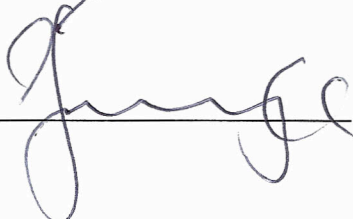
The Chinese domiciled directors of the Company identified and recommended that the Company enter into an arrangement to acquire 100% of the shares on issue in Taiford (Asia) Limited, which in turn owns 2% of the share capital in China Home & Commercial Space Group Limited ("CHC"). CHC is a leading vertically integrated total solution provider in the People's Republic of China, providing personalised interior design and consultation services, project management and installation services, home finishing products as well as furniture and fittings. It is anticipated that CHC will undertake an initial public offering of its securities on the Chinese stock exchange within the next 12 to 24 months.

The Company provided a Notice of Special Meeting to its shareholders in March 2011 seeking their approval to purchase Taiford (Asia) Limited. However the meeting has not been held as the Company has taken time to settle commercial issues that arose after the Notice was sent out.

The Board has now concluded that it will not proceed with the purchase of Taiford (Asia) Limited.

Signed for, and on behalf of the Board. Dated: 28 April 2011

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

	NOTE	Six months ended 31 Dec 2010 unaudited US \$000	Six months ended 31 Dec 2009 unaudited US \$000	Year ended 30 June 2010 audited US \$000
Revenue		-	-	-
Cost of goods sold		-	-	-
<b>Gross profit</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Selling and distribution expenses		-	-	-
Marketing expenses		-	-	-
Administrative and other expenses		(413)	(385)	(966)
<b>Operating loss</b>		<b>(413)</b>	<b>(385)</b>	<b>(966)</b>
Finance income		34	-	108
Exchange gain / (loss)		600	(8)	(280)
Finance expense		(8)	-	(12)
<b>Net profit / (loss) before taxation from continuing operations</b>		<b>\$ 213</b>	<b>\$ (393)</b>	<b>\$ (1,150)</b>
Income tax (expense) / credit		(11)	2	4
<b>Net profit / (loss) after taxation from continuing operations</b>		<b>\$ 202</b>	<b>\$ (391)</b>	<b>\$ (1,146)</b>
Loss from discontinued operations, net of taxation	3	-	(1,449)	(1,243)
<b>Net profit / (loss) after taxation for the period attributable to shareholders</b>		<b>\$ 202</b>	<b>\$ (1,840)</b>	<b>\$ (2,389)</b>
Other comprehensive income for the period		-	-	-
<b>Total comprehensive income / (loss) for the period</b>		<b>\$ 202</b>	<b>\$ (1,840)</b>	<b>\$ (2,389)</b>
<b>Earnings per share for profit / (loss) attributable to shareholders:</b>				
- Basic earnings per share (cents)		0.05	(0.20)	(0.30)
- Diluted earnings per share (cents)		0.04	(0.20)	(0.30)
<b>Attributable to continuing operations:</b>				
- Basic earnings per share (cents)		0.05	(0.04)	(0.14)
- Diluted earnings per share (cents)		0.04	(0.04)	(0.14)
<b>Attributable to discontinued operations:</b>				
- Basic earnings per share (cents)		-	(0.16)	(0.15)
- Diluted earnings per share (cents)		-	(0.16)	(0.15)

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

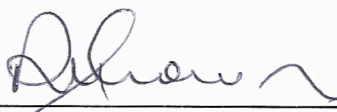
	Share Capital US \$000	Share Option Reserve US \$000	Accumulated Losses US \$000	Total Equity US \$000
<b>Balance as at 1 July 2010</b>	<b>12,501</b>	<b>40</b>	<b>(4,893)</b>	<b>7,648</b>
Net profit attributable to shareholders	-	-	202	202
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	202	202
Shares issued	-	-	-	-
Share options lapsed	-	(40)	40	-
Total transactions with owners	-	(40)	40	-
<b>Balance as at 31 December 2010</b>	<b>\$ 12,501</b>	<b>\$ -</b>	<b>\$ (4,651)</b>	<b>\$ 7,850</b>
<b>Balance as at 1 July 2009</b>	<b>12,544</b>	<b>-</b>	<b>(2,983)</b>	<b>9,561</b>
Net (loss) attributable to shareholders	-	-	(1,840)	(1,840)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(1,840)	(1,840)
Shares issued	-	-	-	-
Total transactions with owners	-	-	-	-
<b>Balance as at 31 December 2009</b>	<b>\$ 12,544</b>	<b>\$ -</b>	<b>\$ (4,823)</b>	<b>\$ 7,721</b>
<b>Balance as at 1 July 2009</b>	<b>12,544</b>	<b>-</b>	<b>(2,983)</b>	<b>9,561</b>
Net (loss) attributable to shareholders	-	-	(2,389)	(2,389)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(2,389)	(2,389)
Shares issued	-	-	-	-
Transfers on extinguishment of reverse acquisition	(43)	40	-	(3)
Extinguishment of debt upon repurchase of shares	-	-	479	479
Total transactions with owners	(43)	40	479	476
<b>Balance as at 30 June 2010</b>	<b>\$ 12,501</b>	<b>\$ 40</b>	<b>\$ (4,893)</b>	<b>\$ 7,648</b>

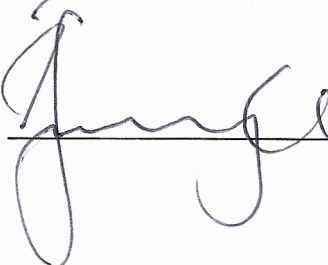
The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	NOTE	31 Dec 2010 unaudited US \$000	31 Dec 2009 unaudited US \$000	30 June 2010 audited US \$000
<b>EQUITY</b>				
Share Capital	4	12,501	12,544	12,501
Share Option Reserve		-	-	40
Accumulated losses		(4,651)	(4,823)	(4,893)
<b>Total Equity</b>		<b>7,850</b>	<b>7,721</b>	<b>7,648</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Finance lease payable		-	12	-
Borrowings	6	-	782	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>794</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables		9	189	52
Provisions		27	15	19
Finance lease payable		12	66	43
<b>Total current liabilities</b>		<b>48</b>	<b>270</b>	<b>114</b>
<b>TOTAL LIABILITIES</b>		<b>48</b>	<b>1,064</b>	<b>114</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>\$ 7,898</b>	<b>\$ 8,785</b>	<b>\$ 7,762</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		2	93	2
Deferred tax		-	6	11
Other non-current assets		-	11	-
<b>Total non-current assets</b>		<b>2</b>	<b>110</b>	<b>13</b>
<b>Current assets</b>				
Cash and cash equivalents		7,755	8,591	7,625
Trade and other receivables		90	80	87
Taxation receivable		51	4	37
<b>Total current assets</b>		<b>7,896</b>	<b>8,675</b>	<b>7,749</b>
<b>TOTAL ASSETS</b>		<b>\$ 7,898</b>	<b>\$ 8,785</b>	<b>\$ 7,762</b>

For and on behalf of the Board

Dated: 29 April 2011

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

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



## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE PERIOD ENDED 31 DECEMBER 2010

Page 6

	NOTE	Six months ended 31 Dec 2010 unaudited US \$000	Six months ended 31 Dec 2009 unaudited US \$000	Year ended 30 June 2010 audited US \$000
<b>OPERATING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Receipts from customers		-	-	-
Interest received		34	-	108
<b>Cash was applied to:</b>				
Payments to suppliers and employees		(453)	(1,235)	(2,022)
Interest paid		(8)	(15)	(32)
Income tax paid		(14)	-	(34)
<b>Net cash outflows from operating activities</b>	8	<b>(441)</b>	<b>(1,250)</b>	<b>(1,980)</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Proceeds from sale of property, plant & equipment		-	-	9
Cash acquired on acquisition of subsidiary		-	24	24
<b>Cash was applied to:</b>				
Purchase of property, plant and equipment		-	-	(1)
Purchase of other non current assets		-	(63)	(28)
<b>Net cash (outflows) / inflows from investing activities</b>		<b>-</b>	<b>(39)</b>	<b>4</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash was provided from:</b>				
Proceeds of borrowings		-	26	26
<b>Cash was applied to:</b>				
Repayment of borrowings		(31)	(109)	(139)
<b>Net cash (outflows) from financing activities</b>		<b>(31)</b>	<b>(83)</b>	<b>(113)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(472)</b>	<b>(1,372)</b>	<b>(2,089)</b>
Cash and cash equivalents at the beginning of the period		7,625	9,966	9,966
Effect of exchange rate changes		602	(3)	(252)
<b>Cash and cash equivalents at end of period</b>		<b>\$ 7,755</b>	<b>\$ 8,591</b>	<b>\$ 7,625</b>
<b>COMPOSITION OF CASH</b>				
Cash and cash equivalents		7,755	8,591	7,625
		<b>\$ 7,755</b>	<b>\$ 8,591</b>	<b>\$ 7,625</b>

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

**1. General Information**

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

Orion Minerals Group Limited, the legal parent of the Group, is a limited liability company incorporated and domiciled in New Zealand.

**Summary of Significant Accounting Policies**

These general purpose financial statements for the interim six month reporting period ended 31 December 2010 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP), International Accounting Standard 34 and NZ IAS 34 Interim Financial Reporting.

**(a) Basis of Preparation**

The principal accounting policies adopted in the preparation of these financial statements have been applied on a basis consistent with those used in the audited financial statements for the year ended 30 June 2010 and the unaudited financial statements for the six months ended 31 December 2009.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010.

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 (the 'Company' or 'Parent') and its subsidiaries together referred to in these financial statements as 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.

**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.

**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. The valuation of intercompany receivables are reviewed annually for impairment.

**Changes in accounting policies**

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

**Changes to comparative figures**

Certain comparatives have been restated in order to conform to current year presentation. The nature of these changes is to separate the results of Minera Varry S.A. to discontinued operations. There is no impact on net profit.



**2. SEGMENT INFORMATION**

The Group operates in one business segment, being industrial mining in Chile which includes discontinued operations.

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.

	Holding Company			Holding Company		
	Chile	New Zealand	TOTAL	Chile	New Zealand	TOTAL
	US \$000	US \$000	US \$000	US \$000	US \$000	US \$000
	Six months ended 31 December 2010			Six months ended 31 December 2009		
	(unaudited)			(unaudited)		
Total external sales revenue	-	-	-	-	-	-
Total EBITDA	(222)	409	187	(985)	(305)	(1,290)
Depreciation	-	-	-	(77)	(1)	(78)
Finance income	-	34	34	-	-	-
Finance expense	(8)	-	(8)	(15)	-	(15)
Impairment of other assets	-	-	-	(459)	-	(459)
Income tax (expense) / credit	(11)	-	(11)	2	-	2
Net profit / (loss) for the period	(241)	443	202	(1,534)	(306)	(1,840)
Total allocated assets	41	7,857	7,898	95	8,684	8,779
Total liabilities	39	9	48	1,044	20	1,064

	Holding Company		
	Chile	New Zealand	TOTAL
	US \$000	US \$000	US \$000
	Year ended 30 June 2010		
	(audited)		
Total external sales revenue	-	-	-
Total EBITDA	(1,369)	(849)	(2,218)
Depreciation	(139)	(2)	(141)
Finance income	-	108	108
Finance expense	(32)	-	(32)
Impairment of other assets	(113)	-	(113)
Income tax credit	7	-	7
Net loss for the year	(1,646)	(743)	(2,389)
Total allocated assets	43	7,708	7,751
Total liabilities	96	18	114

**3. DISCONTINUED OPERATIONS****Sale of Minera Varry S.A. and Contractual Minera Varry**

On 24 March 2010, at a Special Meeting of Shareholders, shareholders approved a resolution to transfer the Company's 100% shareholding in its wholly owned subsidiary, Minera Varry S.A, to Mr Francisco Barriga in consideration for the Company repurchasing the 510,000,000 ordinary shares in the Company held by Inversiones Barriga S.A., a company associated with Mr Barriga. The transfer was completed on 15 April 2010.

During the year ended 30 June 2010, the Company, through its wholly owned Chilean incorporated subsidiary Orion Group Holding Limitada, acquired Contractual Minera Varry ("CMV") a Chilean incorporated company for nil consideration. CMV is a special purpose vehicle which held a 13 year lease to exploit a mining prospect called "Resguardo", situated in the Third Region of Chile. A preliminary drilling programme was completed and the Company concluded that the Resguardo concession did not represent a viable economic mining proposition. CMV was disposed of for nil consideration. The statements of comprehensive income, including comparatives, has been reclassified to show Minera Varry S.A. and CMV as a discontinued operation, separately from Orion Minerals Group's continuing operation. The results for Minera Varry S.A. and CMV also represent discontinued operations for segmental purposes.

The results are as follows:

	Six months ended 31 Dec 2010 unaudited US \$000	Six months ended 31 Dec 2009 unaudited US \$000	Year ended 30 June 2010 audited US \$000
Revenue	-	-	-
Cost of goods sold	-	-	-
<b>Gross profit</b>	-	-	-
Selling and distribution expenses	-	-	-
Marketing expenses	-	-	-
Administrative and other expenses	-	(907)	(1,038)
<b>Operating loss</b>	-	(907)	(1,038)
Exchange gains / (losses)	-	(68)	(75)
Finance expense	-	(15)	(20)
Diminution in the value of assets	-	(459)	(113)
<b>Net loss before taxation</b>	-	(1,449)	(1,246)
Income tax credit	-	-	3
<b>Net loss after taxation from discontinued operations</b>	-	(1,449)	(1,243)
Attributable to:			
Equity holders of Orion Minerals Group	-	(1,449)	(1,243)
<b>Profit / (loss) from discontinued operations</b>	-	(1,449)	(1,243)
Basic earnings per share from discontinued operations (cents)	-	(0.16)	(0.15)
Diluted earnings per share from discontinued operations (cents)	-	(0.16)	(0.15)

The cash flows of Minera Varry S.A. and Contractual Minera Varry are as follows:

	Six months ended 31 Dec 2010 unaudited US \$000	Six months ended 31 Dec 2009 unaudited US \$000	Year ended 30 June 2010 audited US \$000
Net cash outflows from operating activities	-	(844)	(994)
Net cash outflows from investing activities	-	(31)	(4)
Net cash inflows / (outflows) from financing activities	-	238	(96)
<b>Net cash outflows</b>	-	(637)	(1,094)

Cash flows from financing exclude cash provided by the Parent to Minera Varry S.A. A total of US\$ 352,625 was provided by Orion Minerals Group Limited to Minera Varry S.A during the period from 1 July 2009 to the date of disposal on 15 April 2010. (31 December 2009: US\$ 352,625).

**4. SHARE CAPITAL**

	Six months ended 31 Dec 2010 unaudited Number	Six months ended 31 Dec 2009 unaudited Number	Year ended 30 June 2010 audited Number	Six months ended 31 Dec 2010 unaudited US \$000	Six months ended 31 Dec 2009 unaudited US \$000	Year ended 30 June 2010 audited US \$000
<b>Issued and Paid up Capital - Group</b>						
Balance at beginning of period	414,550,000	899,550,000	899,550,000	12,501	12,544	12,544
Shares issued	-	25,000,000	25,000,000	-	-	-
Shares cancelled	-	-	(510,000,000)	-	-	-
Reversal of Minera Varry S.A. share capital	-	-	-	-	-	(16)
Reversal of reverse acquisition share issue	-	-	-	-	-	(188)
Recognition of pre acquisition share capital of Orion Minerals Group Limited	-	-	-	-	-	161
Balance at end of period	414,550,000	924,550,000	414,550,000	12,501	12,544	12,501
	=====	=====	=====	=====	=====	=====
	Six months ended 31 Dec 2010 unaudited Number	Six months ended 31 Dec 2009 unaudited Number	Year ended 30 June 2010 audited Number	Six months ended 31 Dec 2010 unaudited US \$000	Six months ended 31 Dec 2009 unaudited US \$000	Year ended 30 June 2010 audited US \$000
<b>Issued and Paid up Capital - Parent</b>						
Balance at beginning of period	414,550,000	899,550,000	899,550,000	32,355	67,705	67,705
Shares issued	-	25,000,000	25,000,000	-	-	-
Shares cancelled	-	-	(510,000,000)	-	-	(35,350)
Balance at end of period	414,550,000	924,550,000	414,550,000	32,355	67,705	32,355
	=====	=====	=====	=====	=====	=====

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

As at 31 December 2010 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.

**Parent shares issued**

There have been no shares issued during the six month period ended 31 December 2010 (30 June 2010: 25,000,000; 31 December 2009: 25,000,000). The 25,000,000 shares were issued to Fengli Group (Hong Kong) Co. Limited ("Fengli") in accordance with the provisions of a Subscription Agreement entered into between the Company and Fengli. The Subscription Agreement provided that if the Company did not have evidence from an independent geologist that the mines owned by Minera Varry S.A. held not less than 100 million tonnes of proven iron ore reserves, the Company would be obliged to issue 25,000,000 new fully paid ordinary Orion Minerals Group Limited shares to Fengli as compensation for not satisfying that requirement.

**Parent share cancelled**

On 24 March 2010, at a Special Meeting, shareholders approved a resolution to repurchase 510,000,000 ordinary shares in the Company held by Inversiones Barriga S.A. in consideration for the Company transferring its 100% shareholding in its wholly owned subsidiary Minera Varry S.A. back to Mr Barriga.

The repurchase was completed on 15 April 2010 and the 510,000,000 ordinary shares were subsequently cancelled.

**5. SHARE OPTIONS**

450,000 options have lapsed during the period (30 June 2010: nil; 31 December 2009: nil).

**6. BORROWINGS**

	31 Dec 2010 unaudited US \$000	31 Dec 2009 unaudited US \$000	30 June 2010 audited US \$000
<b>Current</b>			
Bank borrowings	-	-	-
<b>Non-current</b>			
Loans from related parties (refer to note 7)	-	782	-
	-	782	-

Bank borrowings matured 31 December 2009 and incurred an average interest rate of 11.88% annually. The carrying value approximates fair value.

Related party borrowings - No interest is charged on loans from related parties. Interest was originally to be charged on the US\$200,000 related party loan at 15% per annum but the terms of that loan were re negotiated so that no interest is payable. 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.

**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 Holdings Limitada

During the period ended 31 December 2010 management fees of US\$ 15,000 were charged by Orion Minerals Group Limited to Orion Group Holdings Limitada (30 June 2010: US\$ 20,000; 31 Dec 2009: nil).

**(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; resigned 15 September 2010), Roger Gower (appointed 23 July 2008), Sean Joyce (appointed 11 December 2008), Ping Li (appointed 11 January 2010), Zhmin Shi (appointed 11 January 2010), and Jianfeng Shen (appointed 14 September 2010).

**(d) Key management and personnel compensation**

Key management personnel compensation is set out below and includes compensation for discontinued operations. 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.

	Six months ended 31 Dec 2010 unaudited US \$000	Six months ended 31 Dec 2009 unaudited US \$000	Year ended 30 June 2010 audited US \$000
Payments made to key personnel are as follows and includes:			
Salaries and other short term employee benefits	51	162	256
<b>Directors' remuneration</b>			
R Dupouy, Director (resigned 15 September 2010)	9	26	53
R Gower, Director - Roger Gower & Associates	34	33	66
S Joyce, Director	27	26	52
P Li, Director (appointed 11 January 2010)	27	-	27
J Shen, Director (appointed 14 September 2010)	27	-	-
Z Shi, Director (appointed 11 January 2010)	11	-	27
	135	59	225



**7. RELATED PARTY TRANSACTIONS (continued)****(d) Key management and personnel compensation (continued)****Other services**

R Dupouy - Dupouy Mendez & Cia. - Legal fees  
 R Gower - Roger Gower & Associates - Other services  
 S Joyce - Jones Young - Legal fees  
 S Joyce - Jones Young - Other services

<b>Six months ended 31 Dec 2010 unaudited US \$000</b>	<b>Six months ended 31 Dec 2009 unaudited US \$000</b>	<b>Year ended 30 June 2010 audited US \$000</b>
<b>26</b>	68	123
-	19	21
-	22	31
-	8	8

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

Loans have been advanced to the Group from related parties  
 as follows during the period:

- Inversiones IBSA Ltda
- Inversiones Barriga Ltda
- Full Corp Ltda

-	65	-
-	18	-
-	208	-
<b>-</b>	<b>291</b>	<b>-</b>
=====	=====	=====

**Total loans advanced from related parties**

The group repaid loans to the following related parties during the period

- Inversiones Barriga Ltda
- Sociedad Contractual Minera Varry
- Hans Hermosilla

-	-	(12)
-	(4)	(4)
-	(1)	(1)
<b>-</b>	<b>(5)</b>	<b>(17)</b>
=====	=====	=====

**Total loans repaid from related parties**

The following debt has been extinguished upon repurchase of the  
 Inversiones Barriga S.A. shares and disposal of Minera Varry S.A.

- Minera Varry Minerals Limited Hong Kong
- Inversiones Barriga Ltda

-	-	(200)
-	-	(279)
<b>-</b>	<b>-</b>	<b>(479)</b>
=====	=====	=====

**Total loans extinguished from related parties****(f) Outstanding balances with key management personnel and subsidiaries:**

The following balances are outstanding at the reporting date in relation to transactions with  
 related parties:

**Loans from related parties**

- Minera Varry Minerals Limited Hong Kong
- Inversiones IBSA Ltda
- Inversiones Barriga Ltda
- Full Corp Ltda.

<b>31 Dec 2010 unaudited US \$000</b>	<b>31 Dec 2009 unaudited US \$000</b>	<b>30 June 2010 audited US \$000</b>
-	200	-
-	356	-
-	18	-
-	208	-
<b>-</b>	<b>782</b>	<b>-</b>
=====	=====	=====

No interest is charged on loans from related parties.



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

	<b>Six months ended 31 Dec 2010 unaudited US \$000</b>	<b>Six months ended 31 Dec 2009 unaudited US \$000</b>	<b>Year ended 30 June 2010 audited US \$000</b>
<b>Reported net loss</b>	<b>202</b>	<b>(1,840)</b>	<b>(2,389)</b>
<b>Items not involving cash flows:</b>			
Depreciation expense	-	78	141
Foreign exchange (gain) / loss	(602)	3	252
Write-down of pre-operating exploration and evaluation costs	-	220	-
Non cash effect of diminution of assets	-	239	113
Non cash effect of working capital forgiven	-	-	40
Gain on sale of property, plant & equipment	-	-	(9)
Movement in deferred tax	11	(2)	(7)
	<b>(591)</b>	<b>538</b>	<b>530</b>
<b>Impact of changes in working capital items:</b>			
Decrease in trade receivables	-	-	-
(Increase) / decrease in prepayments and other receivables	(3)	37	30
(Increase) in taxation receivable	(14)	(1)	(34)
(Decrease) / increase in trade payables	(10)	67	(36)
(Decrease) in other payables	(25)	(51)	(81)
	<b>(52)</b>	<b>52</b>	<b>(121)</b>
<b>Net cash outflows from operating activities</b>	<b>\$ (441)</b>	<b>\$ (1,250)</b>	<b>\$ (1,980)</b>

**9. 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 2010 (30 June 2010: nil; 31 December 2009: nil).

**10. EVENTS SUBSEQUENT TO INTERIM BALANCE DATE**

In February 2011, the Board announced to the market, its intention to change the direction of the Company. The Board resolved to discontinue its business strategy of investigating opportunities to invest in iron ore (and other mineral) projects in Chile. The Board instructed its executive in Chile to wind down its operations in Chile and to liquidate all of its assets located in Chile. The Board announced its alternative business strategy that it may pursue to undertake private equity investment in projects and companies with Chinese market potential.

In March 2011, the Company entered into a conditional agreement to acquire 100% of the shares on issue in Taiford (Asia) Limited, which in turn owns 2% of the share capital in China Home & Commercial Space Group Limited. The Company provided shareholders with a Notice of Special Meeting to seek approval of the purchase of Taiford (Asia) Limited. The Special Meeting was subsequently postponed while the Company took time to settle commercial issues that had arisen after the Notice of Special Meeting was sent to shareholders. The Board has now concluded that it will not proceed with the purchase of Taiford (Asia) Limited.

**11. GOING CONCERN**

The financial statements, which include a net profit after tax of US\$ 202,000 for the Group for the six months ended 31 December 2010 and net assets for the Group of US\$ 7,850,000 have been prepared on a going concern basis of accounting.

The group has cash funds of approximately US\$ 7,576,000, 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. CAPITAL EXPENDITURE COMMITMENTS**

There are no capital expenditure commitments as at 31 December 2010 (30 June 2010: nil; 31 December 2009: nil).