I N D E X

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The Directors are pleased to report to Shareholders that following the Annual General Meeting held on 10 December 2008, the company changed its name to Orion Minerals Group Limited, ("OMG") formerly RLV No. 3 Limited and also acquired all of the shares in Sociedad Minera Varry S.A. ("Minera Varry"), a company incorporated in Chile, on 11 December 2008. The acquisition price was satisfied by a payment of US$1million in cash and the issue of 796,451,790 new shares in RLV No. 3 Limited to the vendors of Minera Varry. The effect of the acquisition has been to reverse list Minera Varry on the NZAX.

- Minera Varry owns a mining concession in Chile in respect of the excavation, processing and export of iron ore.
- The company is undertaking pre-operating mine development for its concession in Chile and finalising arrangements for the shipment of ore through ports in Chile.
- It was expected that iron ore production and shipment will commence during the third quarter of 2009. Since listing, the global iron ore trade has been impacted by the general slowdown in global commodity demand and pricing and this has impacted the pace of the development of the company’s concession.
- The company expects to provide updated mining and sales plans by the end of June 2009. At this stage the company is expecting to have at least a first shipment of iron ore by 31 March 2010.
- The company issued 100,000,000 shares (“Tranche 1”) to Fengli Group (Hong Kong) Co. Limited (“Fengli”) at a consideration price of US$12.5 cents per share. The full price of US$12,500,000 for Tranche 1 has been received by the company.
- Fengli Group, established in 1983, headquartered in the Zhangjigang Free Trade Belt of China is a large and successful metals and metallic ore importer and exporter.
- Fengli has more than 1,200 employees, is ranked in the top 500 in China and is one of the largest domestic steel processing, manufacturing, and distributing organisations. Fengli has close relationships with the major Chinese steel mills and extensive global trading and shipping business.
- Fengli's products include all types of standard precision steel pipe, welded pipe; all types of specification's steel scrap (furnace charge, head metal, briquette, cooling block, medium steel scrap, heavy steel scrap, roll over steel bar material, scrap steel powder fragments, thermo-compression iron slab); Iron ore; Pig iron; Medium plate, round steel, billet, deformed bar, wire rod, hoop; all types of secondary steel products (secondary steel plate, secondary steel pipe, rail, coil).
- Fengli has subscribed for an additional 100,000,000 subscription shares (“Tranche 2”) at an aggregate issue price of US$12.5 million, conditional upon Minera Varry undertaking a commercial shipment of not less than 40,000 tons of iron ore (with an average Fe (Iron) content of not less than 64%) from the iron ore production project operated by Minera Varry on or before 31 March 2010, and within the following 30 days the actual production must be not less than 160,000 tons.
- OMG and Fengli have entered into a Master Agency Agreement where Fengli is appointed as OMG’s exclusive sales agent to assist OMG in finding parties (including Fengli itself) to purchase iron ore produced by OMG.
- The term of the master agency is ten years
  - OMG will pay to Fengli a commission of USD1.50 per ton of iron ore sold by OMG, and a royalty payment calculated as being an amount equal to 5% of the actual gross sale price of the product sold.
  - The Master Agency Agreement is conditional upon Fengli making the Tranche 2 Subscription payment of US$12.5 million.
- There have been no sales from the group during the period. Sales are not expected before 31 March 2010.
- The company’s assets are primarily cash and shares in Minera Varry.
- The company has cash funds of approximately US$10 million as at 29 April 2009.
- The company had a net loss of US$0.432 million for the period.

Signed for, and on behalf of the Board. Dated: 30th April 2009

Director

Director

	2008 US $000	2007 US $000
Sales revenue	-	-
Cost of goods sold	-	-
Gross profit	$ -	$ -
Other income	-	391
Selling and distribution expenses	-	-
Marketing expenses	-	-
Administrative and other expenses	(552)	(513)
Operating (loss)	(552)	(122)
Finance income	1	-
Realised exchange gain/(loss)	160	(23)
Finance expense	(49)	(16)
Net (loss) before income tax	$ (440)	$ (161)
Income tax	8	(61)
Net (loss) after tax for the year attributable to shareholders	$ (432)	$ (222)
Earnings per share for loss attributable to shareholders:		
- Basic earnings per share (cents)	(0.001)	(2.22)
- Diluted earnings per share (cents)	n/a	n/a
Net tangible assets per security	0	(0.0118)

EPS for 2007 is based on shares on issue of 100 for the period.

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

	Share Capital US $000	Retained Earnings US $000	Total Equity US $000
Balance as at 1 January 2007	**17**	**87**	**104**
Net (loss) attributable to shareholders	-	(222)	(222)
Total recognised income and expenses for the year	17	(135)	(118)
Shares issued	-	-	-
Balance as at 31 December 2007	**$ 17**	**$ (135)**	**$ (118)**
Net (loss) attributable to shareholders	-	(432)	(432)
Total recognised income and expenses for the year	17	(567)	(550)
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**

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

ORION MINERALS GROUP LIMITED (PREVIOUSLY RLV NO.3 LIMITED)

UNAUDITED CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	NOTE	2008	2007
EQUITY		US $000	US $000
Share capital	3	2,705	17
Retained Earnings		(1,567)	(135)
Total Equity		1,138	(118)
LIABILITIES			
Non-current liabilities			
Finance lease payable		55	15
Deferred tax		13	25
Borrowings	10	674	175
Total non-current liabilities		742	215
Current liabilities			
Trade and other payables		62	44
Finance lease payable		49	27
Taxation payable		-	24
Borrowings	10	110	-
Total current liabilities		221	95
TOTAL LIABILITIES		963	310
TOTAL EQUITY AND LIABILITIES		$ 2,101	$ 192
ASSETS			
Non-current assets			
Property, plant and equipment		319	129
Intangible assets	5	307	-
Other non-current assets	6	71	23
Total non-current assets		697	152
Current assets			
Cash and cash equivalents		1,314	8
Trade and other receivables		73	32
Deferred tax		2	-
Prepayments and other assets		12	-
Taxation receivable		3	-
Total current assets		1,404	40
TOTAL ASSETS		$ 2,101	$ 192

For and on behalf of the Board

Dated: 30th April 2009

Director

Director

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

	2008 US $000	2007 US $000
OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	28	367
Interest received	1	-
Cash was applied to:		
Payments to suppliers and employees	(450)	(396)
Interest paid	(50)	(16)
Income tax paid	(24)	(26)
Net cash (outflows) from operating activities	(495)	(71)
INVESTING ACTIVITIES		
Cash was provided from:		
Cash acquired on reverse acquisition	44	-
Cash was applied to:		
Purchase of property, plant and equipment	(267)	(121)
Purchase of equity investments	(138)	-
Investment in mining projects	(48)	(7)
Net cash (outflows) from investing activities	(409)	(128)
FINANCING ACTIVITIES		
Cash was provided from:		
Proceeds of borrowings	710	188
Proceeds from issue of shares	2,500	-
Cash was applied to:		
Distributions to owners on acquisition	(1,000)	-
Net cash inflow from financing activities	2,210	188
Net increase/(decrease) in cash and cash equivalents	1,306	(11)
Cash and cash equivalents at the beginning of the year	8	19
Cash and cash equivalents at end of year	$ 1,314	$ 8
COMPOSITION OF CASH		
Cash and cash equivalents	1,314	8
	$ 1,314	$ 8

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 twelve months reporting period ended 31 December 2008 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 2009. 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. 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.

Entities reporting

The financial statements are the Consolidated Financial Statements of the Group comprising Orion Minerals Group Limited and its subsidiary 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 are not available for the subsidiary. The subsidiary intends to change its reporting period end to 30 June to match that of the parent company.

The Group has received a waiver from the NZX to prepare interim financial statements at 31 December on an annual basis rather than on a half yearly basis as half yearly information is not available for the Group. The interim consolidated financial statements for the Group are therefore for the 12 months to 31 December 2008, with comparatives for the previous 12 months. They comprise the results of Minera Varry for the whole period and the Parent since the date of the reverse acquisition on 11 December 2008. The consolidated financial statements for the Group for the 12 month period to 31 December 2007 comprise the results of Minera Varry only. It excludes the results of the Parent.

The Directors confirm that the provision of 12 monthly results in place of half yearly results is not mis-leading and that there are no seasonal variation in revenue and expenses which are 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 Stock Exchange (NZX).

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.

- Profit for the twelve months ended 31 December 2007
- 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
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 most relevant areas for which Management needs the use of estimates and assumptions are related to the mining reserves, bases for the estimates both of future cash flows and depreciation and amortisation per product unit; the environmental obligations, as well as those of restoration and mine closure; the estimates of recoverable iron existing in the ore reserves; the impairment of assets (including the future cash flows), the outstanding debts to write off, the realisation of deferred tax assets; the provisions for contingencies and lawsuits. Management bases its estimates on its expectations in the future and on assumptions considered as reasonable under the circumstances.

(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 2008 and the results of all subsidiaries for the 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 income statement. 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.

Investments
Investments in subsidiaries are valued at cost.

(c) Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(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 Group's functional and presentation currency.

Previously, the subsidiary Minera Varry has reported using a functional currency of Chilean pesos. However, it is now deemed more appropriate and the results more meaningful, for the transactions of the subsidiary to be reported in United States dollars. Therefore, financial statements, including comparatives, have been prepared using a United States dollar functional 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 income statement, 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 of 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 profit or loss 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 income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(h) 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 or 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.

(i) Financial Instruments
Non-derivative financial instruments comprise other receivables, cash and cash equivalents, and trade payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses. Receivable and payables of short-term duration are not discounted as the effect of discounting is not considered to be material.

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts that are repayable on demand and form an integral part of the group's cash management. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) 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 uncollectable are written off. A provision for doubtful receivables is established when there is objective evidence 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 income statement.

(k) Determination of Fair Value
Trade and other receivables
Trade and other receivables are measured at their cost less impairment losses.

Provisions have been made for accounts estimated to be doubtfully recoverable, based on an ageing analysis. Such amounts have been deducted from the respective accounts.

(l) 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.

(m) Property, plant and equipment
Property, plant and equipment is stated at historical cost. 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 income statement 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 - 5 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 income statement.

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.

(n) Mining Claims
Mining claims are valued at acquisition cost.

(o) Pre-operating mine development
The pre-operating mine development costs incurred in this stage have been capitalised, including the costs relating to drilling for determination of reserves and resources. As of 31 December 2008, the drilling tasks are in process of execution.

(p) 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 income statement. 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 income statement.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

2. SEGMENT INFORMATION

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

3. SHARE CAPITAL

Issued and Paid up Capital - Group	2008 US $000	2007 US $000
Balance at beginning of year	17	17
Shares issued	12,500	-
Unpaid capital	(10,000)	-
Reverse acquisition share issue	188	-
Balance at end of year	2,705	17

Issued and Paid up Capital - Parent

	2008 Number	2007 Number	2008 US $000	2007 US $000
Ordinary shares				
Balance at beginning of period	30,981,851	-	117	-
Share consolidation	(27,883,641)	(7,733,200)	-	-
Shares issued	100,000,000	38,715,051	12,500	138
Less: unpaid shares issued	-	-	(10,000)	-
Shares issue to shareholders of Minera Varry	796,451,790	-	55,204	-
Share issue costs	-	-	-	(21)
	899,550,000	30,981,851	57,821	117

Parent share issue details and rights
Ordinary shares
As at 31 December 2008 there were 899,550,000 shares issued of which 100,000,000 were partly paid to US$ 2.5 cents per share. The remaining 799,550,000 shares were fully paid. All ordinary shares rank equally with one vote attached to each share.

Parent shares issued
896,451,790 shares were issued during the period ended 31 December 2008 (2007: 0). 796,451,790 shares were issued at US$ 6.93 cents per share (NZ$ 12.5 cents per share) and 100,000,000 shares were issued at US$ 12.5 cents per share (paid to US$ 2.5 cents per share).

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 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 of US$187,694. Further detail is provided in Note 4.

4. REVERSE ACQUISITION

The acquisition of RLV No. 3 Limited, renamed Orion Minerals Group Limited, has been 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

	2008 US $000	2007 US $000
Goodwill at cost	-	-
	-	-
Goodwill on acquisition	307	-
Goodwill balance at end of year	307	-

6. MINING CLAIMS

	2008 US $000	2007 US $000
Mining claims, which are valued at acquisition cost, are detailed as follows:	71	23
	71	23

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:
- Sociedad Minera Varry S.A.

(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), 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).

(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:

	2008 US $000	2007 US $000
Salaries and other employee benefits	144	113
Number of personnel	9	6

(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:

	2008 US $000	2007 US $000
Purchase of services		
R Gower - Director		
Roger Gower & Associates - Director Fees	5	-
S Joyce - Director		
Sean Joyce - Director Fees	4	-
Jones Young - Legal Fees	2	-
R Dupouy - Director		
Rodrigo Dupouy - Director Fees	3	-

	2008 US $000	2007 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	-
Arriendo de Maquinaria IB Ltda	-	116
Ariodos y Asfaltos El Trebot Ltda	-	59
Inversiones Barriga Ltda	126	-
Sociedad Contractual Minera Varry	5	-
Hans Hermosilla	1	-
	538	175
The group repaid loans to the following		
Arriendo de Maquinaria IB Ltda	26	-
Ariodos y Asfaltos El Trebot Ltda	13	-
	39	-

(f) Outstanding balances

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

	2008 US $000	2007 US $000
Francisco Barriga - Director	206	-
Minera Varry Minerals Limited Hong Kong	200	-
Arriendo de Maquinaria IB Ltda	90	116
Ariodos y Asfaltos El Trebot Ltda	46	59
Inversiones Barriga Ltda	126	-
Sociedad Contractual Minera Varry	5	-
Hans Hermosilla	1	-
	674	175

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 2008 (2007: nil).

9. EVENTS SUBSEQUENT TO INTERIM BALANCE DATE

Issue of Shares and Consideration Payments

The company issued 100,000,000 shares (“Tranche 1”) to Fengli Group (Hong Kong) Co. Limited (“Fengli”) at a consideration price of US$12.5 cents per share on 18 December 2008. These shares have been paid for progressively on three dates, with the final payment of US$8 million received on 20 April 2009. This completes payment for Tranche 1.

Fengli has subscribed for an additional 100,000,000 subscription shares (“Tranche 2”) at an aggregate issue price of US$12.5 million, conditional upon Minera Varry undertaking a commercial shipment of not less than 40,000 tons of iron ore (with an average Fe (Iron) content of not less than 64%) from the iron ore production project operated by Minera Varry on or before 31 March 2010, and within the following 30 days the actual production must be not less than 160,000 tons.

Master Agency Agreement Signed

Orion Minerals Group Limited and Fengli have entered into a Master Agency Agreement where Fengli is appointed as the company's exclusive sales agent to assist in finding parties (including Fengli itself) to purchase iron ore produced by the group.

The term of the master agency is ten years and the company will pay to Fengli a commission of USD1.50 per ton of iron ore sold by the group, and a royalty payment as calculated as being an amount equal to 5% of the actual gross sale price of the product sold.

The Master Agency Agreement is conditional upon Fengli making the Tranche 2 Subscription payment of US$12.5 million.

Progress with Business Plan

The company is undertaking pre-operating mine development for its concession in Chile and finalising arrangements for the shipment of ore through ports in Chile. It was expected that iron ore production and shipment will commence during the third quarter of 2009. This calendar year the global iron ore trade has been impacted by the general slowdown in global commodity demand and pricing which has slowed the pace of the development of the company’s concession.

The company expects to provide updated mining and sales plans by the end of June 2009 and at this stage is expecting to have at least a first shipment of iron ore by 31 March 2010.

10. BORROWINGS NOTE

	2008 US $000	2007 US $000
Current		
Bank borrowings	110	-
Non-current		
Loans from related parties (refer to note 7)	674	175
	784	175

Bank borrowings mature 31 December 2009 and bear average interest rate of 11.88% annually.

Related party borrowings - Interest accrues at 15% on US$ 200,000 of the loans from related parties, with no interest being charged on the balance of the related party loans. 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 deficit after tax of US$432,000 for the Group for the year ended 31 December 2008, and net assets for the Group at 31 December of US$1,138,000, have been prepared on the going concern basis of accounting. This basis contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

The ability of the company and the group to meet their commitments and ongoing operating expenses depended upon revenue and cash flow projections being met, including net cash inflows from the receipt of the balance of Tranche 1 Subscription Price of US$8,000,000 from Fengli Group (Hong Kong) Co. Limited.

The receipt of Tranche 1 on 20 April 2009 means the group has cash funds of approximately US$10 million, 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

	2008 US $000	2007 US $000
Reported net (loss) after tax	(432)	(222)
Items not involving cash flows:		
Depreciation expense	77	64
Foreign exchange gain	(44)	22
Movement in deferred tax	(14)	11
Impact of changes in working capital items:		
Decrease in trade receivables	6	29
(Increase) in prepayments and other assets	(30)	(7)
(Increase) in taxation receivable	(3)	-
(Decrease) increase in taxation payable	(24)	24
Increase in trade payables	35	5
(Decrease) increase in other payables and accruals	(66)	3
Net cash (outflows) from operating activities	$ (495)	$ (71)

13. CAPITAL EXPENDITURE COMMITMENTS

There are no capital expenditure commitments as at 31 December 2008 (2007: nil).

14. EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS

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

	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
Year ended 31 December 2007				
Sales revenue	-	-	-	-
Cost of goods sold	-	-	-	-
Gross profit	$ -	$ -	$ -	$ -
Other income	213,946	391	-	391
Selling and distribution expenses	-	-	-	-
Marketing expenses	-	-	-	-
Administrative and other expenses	(270,300)	(513)	-	(513)
Operating (loss)	(56,354)	(122)	-	(122)
Finance income	-	-	-	-
Realised exchange gain/(loss)	-	(23)	-	(23)
Finance expense	(8,005)	(16)	-	(16)
Net (loss) before income tax	$ (64,359)	$ (161)	$ -	$ (161)
Income tax	(31,380)	(61)	-	(61)
Net (loss) after tax for the year attributable to shareholders	$ (95,739)	$ (222)	$ -	$ (222)

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

	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
(i) At the date of transition to NZ IFRS: 1 January 2007				
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.

(ii) At the end of the last reporting period under previous GAAP: 31 December 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	(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

(c) 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.