Orion Minerals Group Limited

Annual Report 2012

Contents

Dear Shareholders,

The company has unwound completely all previous interests in operations in Chile, South America.

The strategy adopted by the Board, at a time of continuing uncertainty in financial markets, has been to carefully consider new areas for investment, as well as to preserve the Company's capital resources while investigating suitable opportunities for investment.

The review of potential investments has included possible investments with a China market focus that could be based in New Zealand, Australia or China. As at the time of this report nothing meeting the company's requirement has been identified.

Dated: 13 th September 2012

Director

Director

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Independent Auditors' Report

to the shareholders of Orion Minerals Group Limited

Report on the Financial Statements

We have audited the financial statements of Orion Minerals Group Limited ("the Company") on pages 6 to 31, which comprise the statements of financial position as at 30 June 2012, the statements of comprehensive income and statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entity it controlled at 30 June 2012 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors we have no relationship with, or interests in, Orion Minerals Group Limited or its subsidiary.

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Independent Auditors' Report

Orion Minerals Group Limited

Opinion

In our opinion, the financial statements on pages 6 to 31:

(i) comply with generally accepted accounting practice in New Zealand;

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and the Group as at 30 June 2012, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2012:

(iv) we have obtained all the information and explanations that we have required; and

(v) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
13 September 2012

Auckland

Orion Minerals Group Limited

Statements of Comprehensive Income

For the year ended 30 June 2012

	Note	Group 30.6.2012 12 months US$'000	Group 30.6.2011 12 months US$'000	Parent 30.6.2012 12 months US$'000	Parent 30.6.2011 12 months US$'000
Revenue		-	-	-	-
Cost of goods sold		-	-	-	-
Gross Profit		-	-	-	-
Other income		-	-	-	-
Administrative and other expenses	2	**(401)**	(450)	**(401)**	(450)
Operating loss		**(401)**	(450)	**(401)**	(450)
Finance income		**90**	54	**90**	54
Exchange gain		**869**	602	**869**	602
Net profit before taxation from continuing operations		**558**	206	**558**	206
Income tax (expense) / credit	3	-	-	-	-
Net profit after taxation from continuing operations		**558**	206	**558**	206
Loss from discontinued operations, net of taxation	4	-	(212)	-	(271)
Net profit / (loss) after taxation for the year attributable to shareholders		**558**	(6)	**558**	(65)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income / (loss) for the year		**558**	(6)	**558**	(65)
Earnings per share for profit / (loss) attributable to shareholders:					
- Basic earnings per share (cents)	7	**0.135**	(0.001)		
- Diluted earnings per share (cents)	7	**0.135**	(0.001)		
Attributable to continuing operations:					
- Basic earnings per share (cents)	7	**0.135**	0.050		
- Diluted earnings per share (cents)	7	**0.135**	0.044		
Attributable to discontinued operations:					
- Basic earnings per share (cents) – loss	7	-	(0.051)		
- Diluted earnings per share (cents) – loss	7	-	(0.051)		

The above statements of comprehensive income should be read in conjunction with the accompanying notes

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Orion Minerals Group Limited

Statements of Changes in Equity

For the year ended 30 June 2012

	Note	Share Capital US$'000	Share Option Reserve US$'000	Accumulated Losses US$'000	Total equity US$'000
Group					
Balance as at 1 July 2010		**12,501**	**40**	**(4,893)**	**7,648**
Net loss attributable to shareholders		-	-	(6)	(6)
Total comprehensive loss		-	-	(6)	(6)
Share options lapsed	6	-	(40)	40	-
Total transactions with owners		-	(40)	40	-
Balance as at 30 June 2011		**12,501**	**-**	**(4,859)**	**7,642**
Net profit attributable to shareholders		-	-	558	558
Total comprehensive income		-	-	558	558
Balance as at 30 June 2012		**12,501**	**-**	**(4,301)**	**8,200**

	Note	Share Capital US$'000	Share Option Reserve US$'000	Accumulated Losses US$'000	Total equity US$'000
Parent					
Balance as at 1 July 2010		**32,355**	**40**	**(24,688)**	**7,707**
Net loss attributable to shareholders		-	-	(65)	(65)
Total comprehensive loss		-	-	(65)	(65)
Share options lapsed	6	-	(40)	40	-
Total transactions with owners		-	(40)	40	-
Balance as at 30 June 2011		**32,355**	**-**	**(24,713)**	**7,642**
Net profit attributable to shareholders		-	-	558	558
Total comprehensive income		-	-	558	558
Balance as at 30 June 2012		**32,355**	**-**	**(24,155)**	**8,200**

The above statements of changes in equity should be read in conjunction with the accompanying notes

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Orion Minerals Group Limited

Statements of Financial Position

As at 30 June 2012

	Note	Group 30.6.2012 US$'000	Group 30.6.2011 US$'000	Parent 30.6.2012 US$'000	Parent 30.6.2011 US$'000
ASSETS					
Non Current Assets					
Property, plant and equipment	9	**1**	1	**1**	1
Total non current assets		**1**	1	**1**	1
Current Assets					
Cash and cash equivalents	10	**8,101**	7,593	**8,101**	7,593
Trade and other receivables	11	**44**	33	**44**	33
Taxation receivable	12	**85**	62	**85**	62
Total current assets		**8,230**	7,688	**8,230**	7,688
TOTAL ASSETS		**8,231**	7,689	**8,231**	7,689
LIABILITIES					
Current Liabilities					
Trade and other payables	14	**31**	47	**31**	47
Total current liabilities		**31**	47	**31**	47
TOTAL LIABILITIES		**31**	47	**31**	47
EQUITY					
Share capital	5	**12,501**	12,501	**32,355**	32,355
Accumulated losses	6	**(4,301)**	(4,859)	**(24,155)**	(24,713)
Total Equity		**8,200**	7,642	**8,200**	7,642
TOTAL EQUITY AND LIABILITIES		**8,231**	7,689	**8,231**	7,689

For and on behalf of the Board:

Director

Director

Dated: 13 th September 2012

The above statements of financial position should be read in conjunction with the accompanying notes

Orion Minerals Group Limited

Statements of Cash Flows

For the year ended 30 June 2012

	Note	Group		Parent	
		30.6.2012 12 months US$'000	30.6.2011 12 months US$'000	**30.6.2012 12 months US$'000**	30.6.2011 12 months US$'000
OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		-	-	-	15
Interest received		**90**	54	**90**	54
Cash was applied to:					
Payments to suppliers and employees		**(429)**	(699)	**(429)**	(357)
Interest paid		-	(11)	-	-
Income tax paid	12	**(23)**	(25)	**(23)**	(25)
Net cash outflows from operating activities		**(362)**	(681)	**(362)**	(313)
INVESTING ACTIVITIES					
Cash was provided from:					
Proceeds from sale of property, plant and equipment		-	106	-	-
Cash was applied to:					
Advance to subsidiary		-	-	-	(268)
Net cash inflows / (outflows) from investing activities		-	106	-	(268)
FINANCING ACTIVITIES					
Cash was applied to:					
Repayment of borrowings		-	(43)	-	-
Net cash outflows from financing activities		-	(43)	-	-
Net decrease in cash and cash equivalents		**(362)**	(618)	**(362)**	(581)
Cash and cash equivalents at the beginning of the year		**7,593**	7,625	**7,593**	7,589
Effect of exchange rate changes		**870**	586	**870**	585
CASH AND CASH EQUIVALENTS AT END OF YEAR		**8,101**	7,593	**8,101**	7,593
COMPOSITION OF CASH:					
Cash and cash equivalents	10	**8,101**	7,593	**8,101**	7,593

The above statements of cash flows should be read in conjunction with the accompanying notes

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Orion Minerals Group Limited

Statements of Cash Flows

For the year ended 30 June 2012

Reconciliation with Net Reported Profit / (Loss)	Group 30.6.2012 12 months US$'000	Group 30.6.2011 12 months US$'000	Parent 30.6.2012 12 months US$'000	Parent 30.6.2011 12 months US$'000
Reported net profit / (loss) after taxation	**558**	(6)	**558**	(65)
Items not involving cash flows:				
Depreciation expense	-	1	-	1
Exchange gain on net cash	**(870)**	(586)	**(870)**	(585)
Write-down of investment in subsidiary	-	-	-	18
Provision for impairment of intercompany receivable	-	-	-	268
Gain on sale of property, plant and equipment	-	(106)	-	-
Movement in deferred tax	-	11	-	-
	(312)	(686)	**(312)**	(363)
Impact of changes in working capital items:				
(Increase) / decrease in prepayments and other receivables	**(11)**	54	**(11)**	46
Increase in taxation receivable	**(23)**	(25)	**(23)**	(25)
(Decrease) / increase in trade payables	**(12)**	7	**(12)**	25
(Decrease) / increase in other payables	**(4)**	(31)	**(4)**	4
Net cash outflows from operating activities	**(362)**	(681)	**(362)**	(313)

The above statements of cash flows should be read in conjunction with the accompanying notes

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1) General Information

The Group is engaged in a strategy to undertake private equity investment in projects and companies with Chinese market potential.

The Company, Orion Minerals Group Limited, is a limited liability company incorporated and domiciled in New Zealand.

The financial statements have been approved for issue by the Board of Directors on 13th September 2012.

The Company's owners do not have the power to amend these financial statements once issued.

2) Summary of Significant Accounting Policies

These general purpose financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable New Zealand Financial Reporting Standards. The financial statements comply with International Financial Reporting Standards (IFRS).

a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements 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 of the Parent are for Orion Minerals Group Limited as a separate legal entity. The Group financial statements are the consolidated financial statements of the Group comprising Orion Minerals Group Limited ("Company" or "Parent") and its subsidiary.

The Parent and its subsidiary are designated as profit oriented entities for financial reporting purposes.

Statutory base

Orion Minerals Group Limited is a company registered under 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.

Going concern

The financial statements have been prepared on a going concern basis of accounting. The basis contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

Historical cost convention

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

Critical accounting estimates and 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 at 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 the subsidiary of Orion Minerals Group Limited as at 30 June 2012 and the results of the subsidiary for the year 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. Costs directly attributable to the acquisition are expensed as incurred. 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 statements 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 Board of Directors.

d) Foreign Currency Reporting

Functional and presentation currency

Items included in the financial statements 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 statements 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:

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 statements 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 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 at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax is measured at 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.

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.

g) Goods and Services Tax (GST)

The statements of comprehensive income and statements of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statements of financial position are stated net of GST, with the exception of trade receivables and payables, which include GST invoiced.

h) Leases

The Group is the Lessee

Leases under which the Group assumes 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 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 statements 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.

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 statements of comprehensive income on a straight-line basis over the period of the lease.

i) Statement of Cash Flows

The following is the definition of the terms used in the statements of cash flows:

i) Cash means coins, notes, demand deposits and other highly liquid investments in which the Group has invested as 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, investments, subsidiaries and other non-current assets.

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) Cash and Cash Equivalents

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

k) 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 the receivable. 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 statements of comprehensive income.

l) Financial Assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. 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 unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of balance date.

The Group does not have any financial assets classified as financial assets at fair value through profit or loss.

ii) 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. They are included in current assets, except for those with maturities greater than 12 months after balance date which are classified as non-current assets.

The Group's loans and receivables comprise 'accounts and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial asset at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. Investments in equity instruments that do not have a quoted market price and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of a financial asset is impaired.

m) Property, Plant and Equipment

Recognition and measurement

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

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 statements of comprehensive income during the financial period in which they are incurred. 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:

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 statements of comprehensive income.

n) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

o) 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 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 statements of comprehensive income.

p) Trade and Other Payables
Trade and other payables represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

q) 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 that 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 that an outflow will be required will be required in settlement is determined by considering the class of obligations as a whole.

r) 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 statements 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.

s) Financing Expense
Financing expense comprises interest expense on interest bearing liabilities calculated using the effective interest rate method.

t) Share Capital
Ordinary Shares
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.

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

v) Earnings per Share
The Company presents basic and diluted 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 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.

w) 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.

x) Share Options

The fair value of options granted to Directors under equity-settled schemes are recognised as an expense in the statements 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.

y) Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

z) Changes in Accounting Policies

There have been no changes in accounting policies.

3) New Standards

The Group has adopted the following new and amended NZ IFRSs of relevance to the Group and Company as of 1 July 2011:

a) NZ IAS 24, 'Related Party Disclosures' (effective for annual periods beginning on or after 1 January 2011)
The amendment simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies.

b) FRS 44, 'New Zealand Additional Disclosures' (effective for annual periods beginning on or after 1 July 2011)
The standard sets out New Zealand specific disclosures which are required in addition to those required under New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs).

c) Harmonisation Amendments (effective for annual periods beginning on or after 1 July 2011)
The Harmonisation Amendments amend various NZ IFRSs for the purpose of harmonising with the source IFRSs and Australian Accounting Standards.

The adoption of these amendments has not resulted in material accounting or disclosure changes for the Group or Company.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2012, but which the Group has not early adopted. The Group has identified the following standards as relevant and note that adoption will not have a material effect on the Group's accounts, but will require additional disclosure:

a) NZ IAS 27, 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2013)
NZ IAS 27 is renamed Separate Financial Statements and is now a standard dealing solely with separate financial statements. Application of this standard by the Group and Company will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the parent's investments in the separate parent entity financial statements.

b) NZ IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2015)
This standard replaces part of NZ IAS 39 Financial Instruments: Recognition and Measurement. The standard applies to financial assets, their classification and measurement. IFRS 9 requires two primary measurement categories for financial instruments, amortised cost and fair value. The determination is made at initial recognition. All equity investments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss.

c) NZ IFRS 13, 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2013)
The standard replaces the fair value measurement guidance contained in individual NZ IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurement.

d) NZ IFRS 10, 'Consolidated Financial Statements' (effective for annual periods beginning on or after 1 January 2013)
The standard replaces all of the guidance on control and consolidation in NZ IAS 27. The standard introduces a single definition of control that applies to all entities.

e) NZ IFRS 12, 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2013)
NZ IFRS 12 sets out the disclosure requirements for entities reporting under the two new standards, NZ IFRS 10 and NZ IFRS 11, and replaces the disclosure requirements currently found in NZ IAS 28.

1 Segment Information

The Group previously operated in one business segment, being industrial mining in Chile which is now classified within discontinued operations. The Group is engaged in a strategy to undertake private equity investment in projects and companies with Chinese market potential.

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.

	Year ended 30 June 2012			Year ended 30 June 2011		
	Chile	**Holding Company New Zealand**	**Total**	Chile	Holding Company New Zealand	Total
	US$'000	**US$'000**	**US$'000**	US$'000	US$'000	US$'000
Total external sales revenue	-	-	-	-	-	-
Total EBITDA	-	**(401)**	**(401)**	(176)	(449)	(625)
Depreciation	-	-	-	-	(1)	(1)
Finance income	-	**90**	**90**	-	54	54
Exchange gain / (loss)	-	**869**	**869**	(14)	602	588
Finance expense	-	-	-	(11)	-	(11)
Income tax expense	-	-	-	(11)	-	(11)
Net profit / (loss) for the year	-	**558**	**558**	(212)	206	(6)
Total allocated assets	-	**8,231**	**8,231**	-	7,689	7,689
Total allocated liabilities	-	**31**	**31**	-	47	47

The "Total EBITDA" measure above excludes foreign exchange gains / losses as well as net finance income and depreciation.

2 Operating expenses

	Group		**Parent**	
	30.6.2012 12 months US$'000	30.6.2011 12 months US$'000	**30.6.2012 12 months US$'000**	30.6.2011 12 months US$'000
Operating expenses include:				
Directors' fees (refer note 16)	**299**	275	**299**	275
Depreciation				
- Computer hardware & software	-	1	-	1
Auditors' fees				
Amounts paid or due and payable to the auditors for:				
- Audit fees paid to principal auditors	**25**	23	**25**	23
- Audit fees paid to other auditors – PricewaterhouseCoopers Chile	-	14	-	-
Total Auditors' fees and remuneration	**25**	37	**25**	23

3 Income Tax Expense

	Group		Parent	
	30.6.2012 12 months US$'000	30.6.2011 12 months US$'000	**30.6.2012 12 months US$'000**	30.6.2011 12 months US$'000
Net profit before taxation from continuing operations	**558**	206	**558**	206
Net loss before taxation from discontinued operations	**-**	(201)	**-**	(271)
Net profit / (loss) for the year before taxation	**558**	5	**558**	(65)
Tax at the New Zealand rate of 28% (2011: 30%)	**156**	2	**156**	(20)
Expenses not deductible for tax	**4**	12	**4**	98
Movement in holiday pay provision	**-**	(5)	**-**	-
Losses not recognised as asset	**-**	8	**-**	(78)
Recognition of prior year tax losses now utilised	**(160)**	-	**(160)**	-
Difference due to overseas tax rates	**-**	8	**-**	-
Other	**-**	(14)	**-**	-
Total income tax expense	**-**	11	**-**	-
Current period from continuing operations	**-**	-	**-**	-
Current period from discontinued operations	**-**	11	**-**	-
Total income tax expense	**-**	11	**-**	-
Comprising:				
Current income tax expense	**-**	-	**-**	-
Decrease in deferred tax	**-**	11	**-**	-
Total income tax expense	**-**	11	**-**	-

The standard income tax rate in New Zealand reduced from 30% to 28% in the current year.

4 Discontinued Operations

Cessation of operations of Orion Group Holdings Limitada

In February 2011, the Board announced its decision to discontinue its business strategy of investigating opportunities to invest in iron ore (and other mineral) projects in Chile. As a result 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 liquidation of Orion Group Holdings Limitada was completed on 7 September 2011.

The statements of comprehensive income shows Orion Group Holdings Limitada as a discontinued operation, separately from Orion Minerals Group's continuing operation. The results for Orion Group Holdings Limitada also represent discontinued operations for segmental purposes (refer note 1).

The results are as follows:	Group		Parent	
	30.6.2012 12 months US$'000	30.6.2011 12 months US$'000	**30.6.2012 12 months US$'000**	30.6.2011 12 months US$'000
Revenue	-	-	-	-
Cost of goods sold	-	-	-	-
Gross Profit	-	-	-	-
Other income	-	-	-	15
Wages and salaries	-	(107)	-	-
Administrative and other expenses	-	(175)	-	-
Operating loss	-	(282)	-	15
Exchange losses	-	(14)	-	-
Finance expense	-	(11)	-	-
Gain on disposal of property, plant and equipment	-	106	-	-
Impairment of investment in subsidiary	-	-	-	(18)
Provision for impairment of intercompany receivable	-	-	-	(268)
Net loss before taxation	-	(201)	-	(271)
Income tax expense (note 3)	-	(11)	-	-
Net loss after taxation from discontinued operations	-	(212)	-	(271)
Attributable to:				
Equity holders of Orion Minerals Group Limited	-	(212)	-	(271)
Loss from discontinued operations	-	(212)	-	(271)
Basic earnings per share from discontinued operations (cents)	-	(0.051)		
Diluted earnings per share from discontinued operations (cents)	-	(0.051)		

The cash flows of Orion Group Holdings Limitada are as follows:

	Group	
	30.6.2012 12 months US$'000	30.6.2011 12 months US$'000
Net cash outflows from operating activities	-	(353)
Net cash inflows from investing activities	-	106
Net cash outflows from financing activities	-	(43)
Net cash outflows	-	(290)

Cash flows from financing activities exclude cash provided by the Parent to Orion Group Holdings Limitada. No cash was provided by Orion Minerals Group Limited to Orion Group Holdings Limitada during the year ended 30 June 2012 (30 June 2011: US$268,000).

5 Share Capital

Group	30.6.2012 Number of Shares	30.6.2011	30.6.2012 US$'000	30.6.2011 US$'000
Ordinary shares				
Balance at beginning of year	**414,550,000**	414,550,000	**12,501**	12,501
Shares issued	**-**	-	**-**	-
Balance at end of year	**414,550,000**	414,550,000	**12,501**	12,501

Parent	30.6.2012 Number of Shares	30.6.2011	30.6.2012 US$'000	30.6.2011 US$'000
Ordinary shares				
Balance at beginning of year	**414,550,000**	414,550,000	**32,355**	32,355
Shares issued	**-**	-	**-**	-
Balance at end of year	**414,550,000**	414,550,000	**32,355**	32,355

Parent share issue details and rights
Ordinary shares
As at 30 June 2012 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.

Share Options
Placement options
On 10 December 2008, the Company granted 50,000,000 Placement Options.
These options have the following terms:
- One Placement Option entitles the holder to purchase one fully paid ordinary share.
- The exercise price is USD 12.5 cents (subject to adjustment under the NZAX Listing Rules).
- Placement Options can only be exercised within an exercise period commencing on 10 December 2008 and ending on 10 December 2011 ("exercise period").
- The Placement Options will lapse if they are not exercised by the end of the exercise period.
- The Placement Options are freely transferable.
- Payment must be made in full on the date the options are exercised.

The Placement Options were not exercised on or before 10 December 2011, and therefore lapsed.

Executive options
On 11 December 2008, 6,500,000 Executive Options were issued to two of the Directors of the Company (and their nominees).
These options have the following terms:
- One Executive Option entitles the holder to purchase one fully paid ordinary share.
- The exercise price is USD 12.5 cents (subject to adjustment under the NZAX Listing Rules).
- Executive Options can only be exercised within an exercise period commencing from the date of issue on 11 December 2008 and ending on 11 December 2011 ("exercise period").
- The Executive Options will lapse if they are not exercised by the end of the exercise period.
- The Executive Options are freely transferable.
- Payment must be made in full on the date the options are exercised.

The Executive Options were not exercised on or before 11 December 2011, and therefore lapsed.

5 Share Capital *(continued)*

Equity settled share options

On 25 October 2007, the Company granted 4,500,000 (subsequently 450,000 due to a share consolidation on 24 July 2008) share options to directors of RLV No. 3 Limited (now called Orion Minerals Group Limited). These options had the following terms:

- One option entitled the holder to purchase one fully paid ordinary share.
- The exercise price is NZD 1.0 cent (subject to adjustment under the NZAX Listing Rules).
- Options can only be exercised within an exercise period commencing from the date of issue on 25 October 2007 and ending on 31 October 2010 ("exercise period").
- The options will lapse if they are not exercised by the end of the exercise period.
- The options are freely transferable.
- Payment must be made in full on the date the options are exercised.

These options were not exercised on or before 31 October 2010, and therefore lapsed.
Refer note 6.

Share option movements

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

		Year ended 30 June 2012		Year ended 30 June 2011	
		Average exercise price US per shares	**Options 000**	Average exercise price US per share	Options 000
Balance at beginning of year		**0.125**	**56,500**	0.125	56,950
Lapsed during the year	(refer note 6)	**0.125**	**(56,500)**	0.01	(450)
Balance at end of year		**-**	**-**	0.125	56,500

Share options outstanding at the end of the year have the following exercise dates and exercise prices:

	Exercise Price US$	**30 June 2012 000**	30 June 2011 000
10 December 2011	**0.125**	**-**	50,000
11 December 2011	**0.125**	**-**	6,500
Total share options outstanding		**-**	56,500

No shares of the Company were reserved for issuance under the above share options.

6 Reserves

	Group		Parent	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	US$'000	US$'000	**US$'000**	US$'000
Reserves				
Accumulated losses	**(4,301)**	(4,859)	**(24,155)**	(24,713)
Accumulated losses				
Balance at beginning of year	**(4,859)**	(4,893)	**(24,713)**	(24,688)
Profit / (loss) after taxation	**558**	(6)	**558**	(65)
Share options lapsed	**-**	40	**-**	40
Balance at end of year	**(4,301)**	(4,859)	**(24,155)**	(24,713)
Share option reserve				
Balance at beginning of year	**-**	40	**-**	40
Share options lapsed	**-**	(40)	**-**	(40)
Balance at end of year	**-**	-	**-**	-

As part of the Initial Public Offering dated 8 October 2007, the Parent, Orion Minerals Group Limited, issued the following equity settled share options with an exercise price of NZ$0.01 that may be exercised any time from the issue date, 25 October 2007, until 5.00 pm on 31 October 2010. These options were not exercised on or before 31 October 2010.

	Original Options Issued	**Post Share Consolidation Options**	**Fair Value Basis**	**Cost US$000**
Issued to:				
Former Directors	1,000,000	100,000	Cost Options	2
Wilkinson & White	3,500,000	350,000	Cost Services	38
	4,500,000	450,000		40

Both sets of options are for services provided to the Company as disclosed in the prospectus dated 8 October 2007.

Other share options are disclosed in note 5.

7 Earnings per Share

Basic earnings per share is calculated by dividing the profit / (loss) by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share is calculated by dividing the profit / (loss) by the weighted average number of ordinary shares on issue during the year adjusted to assume conversion of dilutive potential ordinary shares as a result of the issue of share options. The Company's share options, as detailed in Note 5, were dilutive potential ordinary shares until the date on which they lapsed. The share options were reviewed to determine the number of options which would be exercisable based on comparing the exercise price to the average market share price for the period.

	Group	
	30.6.2012	30.6.2011
	12 months	12 months
	000	000
Basic earnings / (loss) per share		
Net profit from continuing operations (US$ 000)	**558**	206
Net loss from discontinued operations (US$ 000)	**-**	(212)
Net profit / (loss) attributable to shareholders	**558**	(6)
Number of ordinary shares on issue (thousands)	**414,550**	414,550
Weighted average number of ordinary shares on issue (thousands)	**414,550**	414,550
Basic earnings per share from continuing operations (cents)	**0.135**	0.050
Basic earnings per share from discontinued operations (cents)	**-**	(0.051)
Basic earnings per share attributable to shareholders (cents)	**0.135**	(0.001)
Diluted earnings per share		
Weighted average number of ordinary shares on issue (thousands)	**414,550**	414,550
Adjustment for dilutive share options	**-**	56,652
Weighted average number of diluted shares on issue (thousands)	**414,550**	471,202
Diluted earnings per share from continuing operations (cents)	**0.135**	0.044
Diluted earnings per share from discontinued operations (cents)	**-**	(0.051)
Diluted earnings per share attributable to shareholders (cents)	**0.135**	(0.001)

8 Investments in Subsidiaries

Name of entity	**Country of incorporation**	**Principal activities**	**Interest held by Parent**	
			30.6.2012	30.6.2011
Subsidiaries				
Orion Group Holdings Limitada	Chile	Holding company	**-**	100.0%

All subsidiary entities have a balance date of 30 June.

	Parent	
	30.6.2012	30.6.2011
Investment in Subsidiaries	**US$'000**	US$'000
Shares in subsidiaries	**-**	18
Write-down recognised through statements of comprehensive income	**-**	(18)
Total investments	**-**	-

The Parent's investment in subsidiaries comprises shares at cost less impairment write-down.

Orion Group Holdings Limitada was liquidated on 7 September 2011.

9 Property, Plant and Equipment

Group	Office furniture & equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost			
Balance as at 1 July 2010	4	385	389
Disposals	-	(385)	(385)
Balance as at 30 June 2011	4	-	4
Additions	-	-	-
Balance as at 30 June 2012	4	-	4
Accumulated depreciation			
Balance as at 1 July 2010	2	385	387
Depreciation charge for the year	1	-	1
Disposals	-	(385)	(385)
Balance as at 30 June 2011	3	-	3
Depreciation charge for the year	-	-	-
Balance as at 30 June 2012	3	-	3
Carrying amounts			
At 1 July 2010	2	-	2
At 30 June 2011	1	-	1
At 30 June 2012	1	-	1

Parent	Office furniture & equipment US$'000	Total US$'000
Cost		
Balance as at 1 July 2010	4	4
Additions	-	-
Balance as at 30 June 2011	4	4
Additions	-	-
Balance as at 30 June 2012	4	4
Accumulated depreciation		
Balance as at 1 July 2010	2	2
Depreciation charge for the year	1	1
Balance as at 30 June 2011	3	3
Depreciation charge for the year	-	-
Balance as at 30 June 2012	3	3
Carrying amounts		
At 1 July 2010	2	2
At 30 June 2011	1	1
At 30 June 2012	1	1

10 Cash and Cash Equivalents

	Group		Parent	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	US$'000	US$'000	**US$'000**	US$'000
The carrying amount of the Group's cash and cash equivalents are denominated in the following currencies:				
New Zealand dollars	**8,086**	135	**8,086**	135
United States dollars	**15**	7,458	**15**	7,458
Total cash and cash equivalents	**8,101**	7,593	**8,101**	7,593

The carrying amount for cash and cash equivalents equals the fair value.

11 Trade and Other Receivables

	Group		Parent	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	US$'000	US$'000	**US$'000**	US$'000
Other receivables	**12**	12	**12**	12
Prepayments	**32**	21	**32**	21
Due from subsidiaries	**-**	-	**-**	2,868
Provision for impairment of intercompany receivable	**-**	-	**-**	(2,868)
Total trade and other receivables	**44**	33	**44**	33

Foreign currency risk
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

New Zealand dollars	**44**	33	**44**	33
Total trade and other receivables	**44**	33	**44**	33

The fair value of other receivables approximates their carrying value.

12 Taxation

	Group		Parent	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	US$'000	US$'000	**US$'000**	US$'000
Taxation receivable				
Balance at beginning of year	**62**	37	**62**	37
Current taxation	**-**	-	**-**	-
Tax paid	**23**	25	**23**	25
Total taxation receivable	**85**	62	**85**	62

	Provisions	**Finance Leases**	**Total**
	US$'000	**US$'000**	**US$'000**
Deferred tax			
Balance as at 1 July 2010	**3**	**8**	**11**
Debited to the statements of comprehensive income	(3)	(8)	(11)
Balance as at 30 June 2011	-	-	-
Debited to the statements of comprehensive income	-	-	-
Balance as at 30 June 2012	-	-	-

The Parent has no deferred tax.

12 Taxation *(continued)*

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group and Parent did not recognise deferred income tax assets of US$244,000 (30 June 2011: Group US$638,000, Parent US$522,000) in respect of gross tax losses amounting to US$873,000 (30 June 2011: Group US$2,424,000 and Parent US$1,740,000) that can be carried forward against future taxable income, subject to meeting the requirements of Income Tax Legislation, including those relating to shareholder continuity.

13 Imputation credits

	Group		Parent	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	US$'000	US$'000	**US$'000**	US$'000
Imputation credits available for use in subsequent periods	**80**	57	**80**	57

14 Trade and Other Payables

	Group		Parent	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**11**	25	**11**	25
Trade payables to related parties	**3**	1	**3**	1
Accrued expenses	**17**	21	**17**	21
Total trade and other payables	**31**	47	**31**	47
Foreign currency risk				
The carrying amounts of the Group's and Parent's trade and other payables are denominated in the following currencies:				
New Zealand dollars	**31**	47	**31**	47
Total trade and other payables	**31**	47	**31**	47

Fair value
The fair value of trade and other payables approximates their carrying value. No interest is paid on payables.

15 Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out centrally by the head office under policies approved by the Board of Directors. The Board provides written principles for overall risk management as well as policies covering specific areas such as interest rate risk, credit risk, use of derivative financial instruments and non derivative financial instruments.

The Group has entered into a number of non-derivative financial instruments all of which are classified as loans and receivables. The carrying values of these items approximate their fair value and represent the maximum exposures for each type of financial instrument. They are listed as follows:

Loans and receivables		**Group**		**Parent**	
		30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	Note	**US$'000**	US$'000	**US$'000**	US$'000
Cash and cash equivalents	10	**8,101**	7,593	**8,101**	7,593
Trade and other receivables	11	**12**	12	**12**	12
Trade creditors	14	**(14)**	(26)	**(14)**	(26)
Total		**8,099**	7,579	**8,099**	7,579

The Group does not have any derivative financial instruments (2011: nil).

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising the return on risk. The only market risk the Group is exposed to is interest rate and foreign currency risk.

Foreign currency risk
The Group's functional reporting currency is the United States dollar.

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising principally on cash balances. The Group policy is to balance continuing foreign currency requirements to reduce exchange risk while maximising interest receivable available in alternative currencies.

The following table shows the sensitivity of the Group and the Company's after tax profit and equity to a movement in the exchange rate of +/-10%. The table assumes a tax rate of 28% (30 June 2011: 30%).

	Group		**Parent**	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	US$'000	US$'000	**US$'000**	US$'000
Currency amount	**8,184**	183	**8,184**	183
+10% movement				
post tax profit	**589**	13	**589**	13
equity	**589**	13	**589**	13
-10% movement				
post tax profit	**(589)**	(13)	**(589)**	(13)
Equity	**(589)**	(13)	**(589)**	(13)

Refer to note 11 and 14 for receivables and payables denominated in foreign currencies.

15 Financial Instruments *(continued)*

Cash flow and fair value interest rate risk
The Group's interest rate risk arises from cash and cash equivalents. Cash balances denominated in New Zealand dollars at variable rates expose the Group to cash flow interest rate risk.

The Group has no borrowings issued at variable rates. The Group has New Zealand denominated cash and cash equivalent balances which are subject to variable rates, with an average rate of 3.15% in the year ended 30 June 2012 (2011: 3.48%). The United States dollar denominated cash and cash equivalent balances are non-interest bearing.

The following table shows the sensitivity of the Group and the Company's after tax profit and equity to a movement in the interest rate of 100 basis points. The table assumes a tax rate of 28% (30 June 2011: 30%).

	Group		**Parent**	
	30.6.2012	30.6.2011	**30.6.2012**	30.6.2011
	US$'000	US$'000	**US$'000**	US$'000
New Zealand dollar denominated cash and cash equivalents	**8,086**	135	**8,086**	135
+100 basis points movement				
post tax profit	**58**	1	**58**	1
equity	**58**	1	**58**	1
-100 basis points movement				
post tax profit	**(58)**	(1)	**(58)**	(1)
equity	**(58)**	(1)	**(58)**	(1)

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from cash and cash equivalents, deposits with banks and the Group's receivables from customers. The Group's maximum credit risk is represented by the carrying value of these financial assets. The Group currently has no amounts due from customers. The credit risk associated with cash transactions and deposits is managed through the Group's policies that limit the use of counterparties to high credit quality financial institutions.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Trade and other payables will be settled at their values as per the balance sheet within 6 months.

Fair value
The fair value of trade receivables, trade payables and cash and cash equivalents are determined to be equivalent to their carrying value due to the short term nature of these balances.

Capital risk management
The Group and the Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure that reduces the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital is calculated as "equity" as shown in the consolidated statements of financial position. There are no external capital requirements.

16 Related Party Information

Parent Entity
The ultimate parent entity within the Group is Orion Minerals Group Limited.

Subsidiaries
Orion Minerals Group Limited has no subsidiaries as at 30 June 2012. Orion Group Holdings Limitada was liquidated on 7 September 2011.

Transactions with Subsidiaries
There have been no transactions with subsidiaries during the year ended 30 June 2012 (2011: management fees of US$15,000 were charged by Orion Minerals Group Limited to Orion Group Holdings Limitada).

Directors
The names of persons who were directors of the Company at any time during the current and previous financial periods are as follows: Rodrigo Dupouy (resigned 15 September 2010), Roger Gower, Sean Joyce, Ping Li, Zhmin Shi and Jianfeng Shen (appointed 14 September 2010).

Key Management and Personnel Compensation
Key management personnel compensation is set out below and includes compensation for discontinued operations in the prior year. 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.

	Group		Parent	
Payments made to key personnel are as follows and includes:	**30.6.2012 12 months US$'000**	30.6.2011 12 months US$'000	**30.6.2012 12 months US$'000**	30.6.2011 12 months US$'000
Salaries and other short term employee benefits	-	51	-	-
Directors' remuneration				
R Dupouy, Director (resigned 15 September 2010)	-	9	-	9
R Gower, Director – Roger Gower & Associates	**88**	75	**88**	75
S Joyce, Director	**60**	56	**60**	56
P Li, Director	**61**	56	**61**	56
J Shen, Director (appointed 14 September 2010)	**29**	23	**29**	23
Z Shi, Director	**61**	56	**61**	56
Total directors' remuneration	**299**	275	**299**	275
Other services				
S Joyce – Corporate Counsel – legal fees	-	11	-	11
Balances outstanding				
Roger Gower – Roger Gower & Associates – trade payable	**3**	1	**3**	1

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel and their related entities on an arm's length basis.

16 Related Party Information *(continued)*

TRANSACTIONS BETWEEN GROUP COMPANIES	**Parent 30.06.12 US$'000**	Parent 30.06.11 US$'000
Owing to Parent Company		
Orion Group Holdings Limitada	-	2,868
	-	2,868

The loan from the parent company to the subsidiary was to fund working capital requirements of the subsidiary. The loan was interest free and for no fixed term. The loan owing to the Parent Company by Orion Group Holdings Limitada was fully impaired as at 30 June 2011 and written off in the year to 30 June 2012.

17 Contingent Liabilities

There are no contingent liabilities as at 30 June 2012 (30 June 2011: nil).

18 Capital Expenditure Commitments

There are no capital expenditure commitments as at 30 June 2012 (30 June 2011: nil).

19 Operating Leases

The Group and Parent have no operating leases in existence at 30 June 2012 (30 June 2011: nil).

20 Events Subsequent to Balance Date

There are no events subsequent to 30 June 2012 which are considered to have a material effect on these financial statements.

Shareholder Information

For the year ended 30 June 2012

Stock Exchange Listing

The Company's shares are listed on the New Zealand Alternative Market ("NZAX").

Distributions of Ordinary Shares

as at 3 September 2012

Size of holding	Number of security holders		Number of securities	
	No of holders	%	Shares held	%
1 – 1,000	1,489	93.24%	137,995	0.03%
1,001 – 5,000	42	2.63%	91,493	0.02%
5,001 – 10,000	13	0.81%	100,836	0.03%
10,001 – 100,000	32	2.00%	1,196,673	0.29%
100,001 and over	21	1.32%	413,023,003	99.63%
Total	1,597	100.00%	414,550,000	100.00%

Principal Shareholders

20 Largest Registered Holders of Quoted Equity Securities

as at 3 September 2012

Shareholder	Shares held	%
Fengli Group (Hong Kong) Co Limited	125,000,000	30.153%
Marvel Fantasy Limited	100,000,000	24.123%
Wallflower Limited	44,667,000	10.775%
Minera Varry Minerals Limited	32,810,000	7.915%
Teagardens Limited	32,710,000	7.890%
APZ Limited	22,500,000	5.428%
Custodial Services Limited	17,000,150	4.101%
Lava Limited	13,343,665	3.219%
Laddara Pty Limited	10,000,000	2.412%
Tuberose Limited	7,190,000	1.734%
Dunkeld Pastoral Co Pty Limited	4,500,000	1.086%
Brett Allan Wilkinson & Julie Helen Wilkinson	691,200	0.167%
Ross Dix Harvey	625,903	0.151%
Axiom Capital Limited	421,560	0.102%
John Sorensen	400,000	0.096%
Michael Lenihan	271,125	0.065%
Aleksander Borowik	250,000	0.060%
Graeme Bruce Lowe	202,000	0.049%
Rory Richard Jackson	170,500	0.041%
Kane Stevenson	159,900	0.039%
	412,913,003	99.606%

Fengli Group (Hong Kong) Co. Limited was the registered holder of 50,000,000 Placement Options representing 100% of the Placement Options. The Placement Options lapsed on 10 December 2011.

Substantial Security Holders

As at 3 September 2012 there were a total of 414,550,000 ordinary fully paid shares on issue.

According to notices given to the Company under the New Zealand Securities Market Act 1988, as at 3 September 2012, the substantial security holders in the Company are:

	Number of shares held	Relevant Interest	% of Shares
Fengli Group (Hong Kong) Co. Limited	125,000,000	Beneficial	30.15%
Marvel Fantasy Limited	100,000,000	Beneficial	24.12%

Directors

During the 12 months ended 30 June 2012 the persons holding office as directors of the Company were:

	Position	Status
R Gower	Chairman	Independent, non-executive
S Joyce		Independent, non-executive
P Li		Non-executive
J Shen		Non-executive
Z Shi		Non-executive

Directors' Security Holdings

as at 31 March 2012

	Equity securities held			
	Beneficially owned		Held by associated persons	
	30.6.2012 Number	30.6.2011 Number	**30.6.2012 Number**	30.6.2011 Number
Ordinary Shares (Orion Minerals Group Limited)				
R Gower	-	-	-	-
S Joyce	-	-	**20,000**	20,000
P Li	-	-	-	-
J Shen	-	-	-	-
Z Shi	-	-	-	-

	Options			
	Beneficially owned		Held by associated persons	
	30.6.2012 Number	30.6.2011 Number	**30.6.2012 Number**	30.6.2011 Number
R Gower	-	-	-	4,500,000
S Joyce	-	-	-	500,000

Directors' Interests and Remuneration

Details of the nature and the amount of each major element of the remuneration of each Director for the year ended 30 June 2012 is:

	Fees $'000	Consultancy, Legal, and Other $'000	Salary $'000	Total $'000
Parent				
R Gower	88	-	-	88
S Joyce	60	-	-	60
P Li	61	-	-	61
J Shen	29	-	-	29
Z Shi	61	-	-	61
Total Remuneration	299	-	-	299

Entries Recorded in the Interests Register

The following entries were recorded in the interests' register of the Company during the year ended 30 June 2012:

(A) SHARE DEALINGS OF DIRECTORS

During the year ended 30 June 2012 no directors traded in the shares of the Company.

(B) DIRECTORS' AND OFFICERS INSURANCE LIABILITY

As permitted by the New Zealand Companies Act 1993, the Company has arranged a policy of Director's and Officers' Liability Insurance which insures those persons indemnified to certain liabilities and costs.

Remunerations of Employees

Other than Directors of the Company noted above, there was no remuneration and benefits paid to any other employee for the year ended 30 June 2012.

Auditors

PricewaterhouseCoopers are the auditors for the Company. They were paid US$25,000 as audit fees in respect of the last financial period.

Donations

No donations were paid for the year ended 30 June 2012.

Corporate Governance

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of behaviour and accountability. The Board intends to develop strategies for the Company, review strategic objectives and monitor the Company's performance against those objectives. The overall goals of the corporate governance process is to:

- drive shareholder value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following primary responsibilities:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- monitoring the financial performance of the Company, including approval of the Company's financial statements;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- review of performance and remuneration of Directors and Executive Officers; and
- establishment and maintenance of appropriate ethical standards for the Company to operate by.

The Directors have appointed an Audit Committee and a Nomination and Remuneration Committee. The Audit Committee is chaired by Mr Roger Gower with Mr Sean Joyce as a member.

The role of the Audit Committee is to take responsibility for overseeing the Company's audit procedures, undertaking management and responsibility for the Company fulfilling its annual audit review, and providing any information required by the Company's auditor.

The role of the Nomination and Remuneration Committee is to consider the appointment of any future Directors and their suitability to hold that position, as well as the employment of senior executive employees of the Company. The Nomination and Remuneration Committee is also responsible for considering the remuneration to be paid to executive employees and Directors.

The Company has adopted corporate governance policies and practices which are appropriate for the size and nature of the Company. The policies adopted include Continuous Disclosure and Trading in securities procedures and policies.

The Board also recognises its duty to ensure that its Shareholders and other stakeholders are informed of all major developments affecting the Company's state of affairs.

Company Directory

For the year ended 30 June 2012

Directors

R H Gower
S R Joyce
P Li
J Shen
Z Shi

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Postal Address

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Bankers

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Auckland 1140

Auditors

PricewaterhouseCoopers
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Auckland
New Zealand

Share Registry

Link Market Services
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Auckland 1010

PO Box 91976
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New Zealand