

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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21 April 2011

Company Announcements Office
ASX Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

2010 ANNUAL REPORT

Please find attached a copy of the 2010 Annual Report for OM Holdings Limited, which has been dispatched to Shareholders who have elected to receive a hard copy.

Yours faithfully

OM HOLDINGS LIMITED



Heng Siow Kwee/Julie Wolseley
Company Secretary



BACKGROUND PROFILE OF OM HOLDINGS LIMITED

OMH listed on the ASX in March 1998 and has its foundations in metals trading – incorporating the sourcing and distribution of manganese ore products and subsequently in processing ores into ferro-manganese intermediate products. The OMH Group now operates commercial mining operations – leading to a fully integrated operation covering Australia, China and Singapore.

Through its wholly owned subsidiary, OM (Manganese) Ltd, OMH controls 100% of the Bootu Creek Manganese Mine (“Bootu Creek”) located 110 km north of Tennant Creek in the Northern Territory.

Bootu Creek has the capacity to produce 1,000,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 2,600km².

Bootu Creek’s manganese product is exclusively marketed by the OMH Group’s own trading division with a proportion of the product consumed by the OMH Group’s wholly-owned Qinzhou smelter located in south west China.

Through its Singapore based commodity trading activities, OMH has established itself as a significant manganese supplier to the Chinese market. Product from Bootu Creek has strengthened OMH’s position in this market.

OMH is a constituent of the S&P/ASX 200 a leading securities index.

OMH holds a 26% investment in Ntsimbintle Mining (Proprietary) Ltd, which holds a 50.1% interest in the world class Tshipi Borwa manganese project in South Africa.

OMH also holds the following strategic shareholding interests in ASX listed entities:

- 16% shareholding in **Northern Iron Limited** (ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway;
- 11% shareholding in **Shaw River Resources Limited** (ASX Code: SRR), a company presently exploring for manganese in Western Australia and Ghana; and
- 19% shareholding in **Scandinavian Resources Ltd** (ASX Code: SCR), a company presently exploring for iron ore, manganese, gold and copper in Sweden and Norway.

OMH has also announced plans for a listing on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEx”) to further broaden the Company’s shareholder base internationally and give the Company access to future capital raising opportunities in the growing Asian market to support its longer term growth strategy.



COMMITTED

to our Future

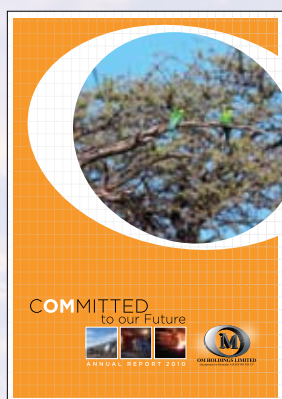


ANNUAL REPORT 2010



OM HOLDINGS LIMITED
(incorporated in Bermuda) A.R.B.N 081 028 337

Constituent of the S&P/ASX 200



Cover Rationale:

Two Swallow Tailed Bee-Eaters perched atop a Camelthorn tree on a warm summer afternoon in the Kalahari desert. Swallow Tailed Bee-Eaters are insect eaters and are famed for their distinctive flying acrobatic skills when catching their prey



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2010 full year consolidated net profit attributable to owners of the Company of A\$47.2 million representing a 75% increase from 2009.

2010 has represented a very significant year for OM Holdings Limited ("OMH") in terms of progress with its operational, corporate and strategic direction and performance. OMH has positioned itself successfully to be able to take full advantage of the recovery of global and specifically Chinese steel production, increasing manganese unit demand and the resulting recovery of ore and alloy prices. The Group has made significant progress in terms of focusing its fundamental activities on strategic manganese ore and alloy growth opportunities and continuing to lay a strong foundation for future growth through the identification, analysis and execution of value creating opportunities.

The Group's financial performance for 2010 is briefly summarised as follows:

- 2010 full year consolidated EBITDA of A\$69.7 million representing a 93% increase from 2009.
- 2010 full year consolidated EBIT of A\$56.7 million representing a 115% increase from 2009.
- 2010 full year consolidated net profit attributable to owners of the Company of A\$47.2 million representing a 75% increase from 2009.
- 2010 sales revenue of A\$307.5 million supported by higher manganese ore prices and a solid sales performance.

- Basic EPS increased to A\$0.10 per share (2009: A\$0.06 per share) and net tangible asset backing per share increased to A\$0.64 per share (2009: A\$0.54 per share).
- Cash reserves of A\$42.1 million as at 31 December 2010. The Group made repayments of US\$17 million during the year on the US\$90 million loan drawdown to fund the Group's investment in the South African Tshipi Manganese Project ("Tshipi Project").
- Strategic investments totalled A\$165.3 million comprising interests held in the Tshipi Project, Northern Iron Limited, Shaw River Resources Limited and Scandinavian Resources Ltd.

STRATEGIC DIRECTION

The Group continues to firmly focus on becoming the world's leading integrated manganese producer with specific strategic objectives and actions centred on:

- extracting maximum value from the existing operating assets, marketing and trading operations and strategic investments,
- extending its high grade Mineral Resource base through organic growth, development of green-field projects, strategic investments as well as merger and acquisition activities,

Driving the operating businesses for optimum performance by extracting maximum value from the Group's existing assets and investments by relentlessly driving its exploration, mining, sintering, smelting and marketing operations for improved safety, operating and cost performance.

- building low cost, sustainable and strategically located smelting and sintering capacity in Malaysia to support the growing Asian steel industry, and
- continuing to strategically diversify its commodity range and geographical focus.

The Group's specific growth initiatives and strategic investments are based on a **"Four Pillar Strategy"**, namely:

Organic Growth - Driving the operating businesses for optimum performance by extracting maximum value from the Group's existing assets and investments by relentlessly driving its exploration, mining, sintering, smelting and marketing operations for improved safety, operating and cost performance. Organic growth in the ore business will be driven by the continued optimisation of the mine to product processes at the Bootu Creek Mine and an aggressive exploration budget to expand the high grade Mineral Resources and Ore Reserves within the mineral lease and delineate new high grade Mineral Resources and Ore Reserves on the exploration leases including the prospective Renner and Helen Springs Projects. Growth in the alloy business is expected to come from the continued optimisation of the existing smelter and sinter plants so as to manage production levels and unit costs and to target to remain a low cost producer in the lower quartile of the cost curve.

Manganese Growth - Actively participate in the extraction of value across the entire manganese value chain whilst expanding manganese exposure through participation in the industry consolidation and M&A process to expand the Group's high grade Mineral Resources and strategically located, globally competitive, low cost integrated alloy production capacity to support the Group's increasing ore production. The investment in the world class, long life Tshipi Project has provided an excellent platform for the Group's entry into the South African manganese industry. The investment has established a dedicated direct relationship with a first class South African Black Economic Empowerment company and created a robust strategic foundation for the identification and execution of future South African and broader African manganese and steelmaking raw materials exploration and development opportunities which could be actively pursued by the Group. The Group has commenced processes for the development of a Malaysian smelting and sintering plant to establish a strategically located, integrated, low-cost alloy production centre in South East Asia to support the growing Asian steel industry. This strategy coincides with the progressive ramp-up in production supply of ore from the Group's interest in the South African Tshipi Project and is expected to increase and diversify the Group's alloy and sintered ore sales into the Japanese and Korean markets.

Exploration Pipeline - Increasing the Group's high grade Mineral Resources through exploration, strategic partnerships, acquisitions, joint ventures, and shareholdings in potential carbon steel commodity development companies and assets. Opportunities will continue to be pursued by the Group to involve itself indirectly and directly with exploration opportunities by participating in mine investments with strategic business partners. Examples already in place are

the Company's investments in Shaw River Resources Limited and Scandinavian Resources Ltd, and the exploration farm in agreements with Monax Mining Ltd and Archer Exploration Ltd.

Diversification - Diversify the Group's commodity range and geographical locations to add value and build on the vision to become a significant carbon steel materials business.

THE PERFORMANCE OF THE GROUP'S EXPLORATION AND MINING, SINTERING AND SMELTING AND MARKETING AND TRADING OPERATIONS

Manganese Ore Exploration and Mining

Mining and ore processing includes the Bootu Creek Manganese Mine (100% owned by OM (Manganese) Ltd - "OMM").



CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

In 2010, revenue from the Group's trading operations was A\$428.7 million representing an increase of 17% from the previous year. The increase was primarily due to the higher manganese ore selling prices in 2010 and an increase in third party trading activities.

During 2010 the Bootu Creek Manganese Mine achieved record annual production of 831,361 tonnes grading 36.7% Mn, representing a 28% increase over the previous year.

During the December 2010 quarter a record quarterly production of 232,925 tonnes grading 36.4% Mn was achieved, representing a 3.5% increase on a 'contained manganese units produced' basis – driven by record yield, metal recovery and mine schedule improvements.

During the same quarter the Bootu Creek Manganese Mine made record quarterly shipments of 223,171 dry tonnes resulting in an annual shipment

volume of 743,477 dry tonnes for 2010.

For the second half of 2010 the Bootu Creek Manganese Mine achieved an annualised production rate in excess of 920,000 tonnes. Process optimisation and improvement initiatives as well as further mine schedule and process plant improvements are expected to contribute to an annualised production target of 1 million tonnes for 2011.

During the December 2010 quarter OMM accelerated a large pre-stripping campaign at the Shekuma Pit and deferred the mining costs attributable to the cut-back since its commencement to accurately reflect the benefit/revenue of the ores, which are expected to be accessed in future periods.

The mine's full year C1 unit cash cost was A\$4.12/dmtu, including an adjustment for deferred mining.

Targeted infill and extensional exploration programs during 2010 maintained the Mineral Resource position of 32.5 million tonnes at 22.6% Mn as at 31 December 2010. The Bootu Creek Manganese Mine's Ore Reserve stands at 21.5 million tonnes (at 21.0% Mn) as at 31 December 2010, representing a higher

Shekuma Pit



replenishment rate against depletion rate.

Ferroalloy manufacturing

This category includes the operations of the Qinzhou manganese sinter plant and alloy smelter operations held by both OM Materials (Qinzhou) Co Ltd ("OMQ") and Guizhou Jiahe Weiye Smelter Co. Ltd, a newly acquired subsidiary, of which the Group has an effective interest of 52.5%.

2010's annual production of High Carbon Ferro Manganese ("HCFMn") alloys reached 36,732 tonnes, representing a 12% increase over the previous year, despite significant power restrictions during the December 2010 quarter. The smelter recommenced production of alloys during December 2010, after the lifting of power restrictions. Maintenance and technical modification works on the furnaces were completed during the December 2010 quarter and full production commenced during January 2011.

Revenue from the ferro alloy manufacturing operations increased by 8% in 2010. The increase in revenue was primarily attributable to (i) the higher volume of manganese ferro alloy transacted during the year; and (ii) the contribution from external manganese sinter ore sales from the newly commissioned sinter ore plant. The increase in the profit contribution was primarily

attributable to strong demand of HCFMn alloy in 2010.

Marketing, logistics and trading

This category includes all of the marketing, trading and logistics activities of the Group, including:

- equity and third party trading activities of OM Materials (S) Pte Ltd ("OMS");
- ore trading activities of OMQ - as part of the Group's Southern China stockpile distribution strategy; and
- ore trading activities of OM Hujin Science and Trade (Shanghai) Co Ltd ("OMA") - as part of the Group's Northern China stockpile distribution strategy and technical marketing focused market development activities.

In 2010, revenue from the Group's trading operations was A\$428.7 million representing an increase of 17% from the previous year. The increase was primarily due to the higher manganese ore selling prices in 2010 and an increase in third party trading activities. During the year the marketing and trading group shipped 776,680 wet tonnes of OMM manganese ore and 233,243 wet tonnes of third party manganese ore. 2010 sales performance reflected the strong demand for Bootu's direct-feed siliceous oxide ore from Chinese smelters, strategically well-placed distribution network, multi-faceted sales strategies,

depth of customer relationships and value-in-use appropriate pricing outcomes.

During early 2010 OMH made a significant strategic investment in the ASX listed, Norwegian iron ore producer Northern Iron Limited ("NFE"). During the year OMS continued to negotiate with a wholly owned subsidiary of NFE for an exclusive long term agency agreement for sales of NFE iron ore concentrate to the Asian market. These negotiations were successfully concluded in late January 2011 and a five year agreement was signed. The agency agreement covers NFE's uncommitted tonnage into the Asian market. Prior to the conclusion of this five year agreement OMS successfully marketed NFE iron ore concentrate under a short term agency agreement and had shipped directly to 3 steel mills in China.

During the year OMS also executed an exclusive sales and marketing agency agreement with IronClad Mining Limited ("IFE"). OMS was awarded the exclusive sales and marketing arrangement by IFE which covers the purchase and marketing of the first two years of production from IFE's Wilcherry Hill Project located in South Australia. OMS will underwrite the sale of 100% of its first two years of production while allowing OMS to deliver the most optimum marketing outcomes through acting either

The Group's investment in the world class Tshipi Project located in South Africa's Kalahari basin has provided the Group with an excellent platform for the entry into the South African manganese industry which holds 80% of the world's known manganese ore resources. The investment has created a foundation to identify and execute future exploration and development opportunities in the region that will also facilitate further organic growth of the Group's smelting, sintering and marketing businesses.

as a principal, as an agent or selling through its stockpile and distribution system. OMS will also be responsible for all appropriate marketing support services, technical marketing liaisons and marketing interface between IFE and Chinese steel mills as well as assisting in the establishment and promotion of the IFE brand name in China.

During January 2011, OMS held an annual conference for major manganese ore customers in Shenzhen, China. In addition to introducing OMM's production and shipment plan for 2011, the upcoming Tshipi Project and its high grade carbonaceous products were also introduced amidst very positive response. Approximately 120 participants attended the conference.

STRATEGIC GROWTH PROJECTS AND CORPORATE ACTIVITIES

Tshipi Project

The Group's investment in the world class Tshipi Project located in South Africa's Kalahari basin has provided the Group with an excellent platform for entry into the South African manganese industry which holds 80% of the world's known manganese ore resources. The investment has created a foundation to identify and execute future exploration and development opportunities in the region that will also facilitate further organic growth of the Group's smelting, sintering and marketing businesses.

Tshipi e Ntle Manganese Mining (Proprietary) Limited ("Tshipi e Ntle") is 50.1% majority owned by Ntsimbintle Mining (Proprietary) Limited ("Ntsimbintle"), a Black Economic Empowerment company led by its founder, Mr Saki Macozoma, a pre-eminent South African businessman. Mr Macozoma is also the Chairman of Tshipi e Ntle. OMH and Ntsimbintle have jointly established a "Ntsimbintle Newco", known as Main Street 774 (Pty) Limited ("Main Street 774") which directly holds its investment in Tshipi e Ntle. OMH is a 26% strategic shareholder in Main Street 774 with the remaining 74% owned by Ntsimbintle. OMH (through its marketing and trading subsidiary, OMS) and Ntsimbintle have announced the formation of a Singapore based marketing joint venture OM Tshipi (S) Pte Ltd ("OMT") for its share of production from the Tshipi Project. OMH owns 70% and Ntsimbintle holds 30% in the OMT joint venture. Since OMH secured its 26% interest in Main Street 774 in March 2010 the partners have developed a strong, complementary and highly productive relationship based on shared values, clear objectives and a common vision.

OMH's investment in Ntsimbintle and in the Tshipi Project provides several strategic benefits to OMH, namely:

- Creating an excellent platform for OMH's entry into the South African manganese industry through a world class project,

in line with OMH's growth and geographical diversification objectives,

- Creating a unique and robust equity and marketing relationship with a first-class South African Black Economic Empowerment company with a long term commitment to the manganese industry, further industry consolidation and the development of the Tshipi Project, and
- Facilitating the execution of OMH's further organic sintering and smelting growth ambitions and capabilities.

During the year and into early 2011 several important developments have taken place with regards to the progress of the Tshipi Project.

The Tshipi e Ntle board has approved the commencement of the development of the Tshipi Project.

Mine development, plant, load-out and rail siding construction has commenced with completion targeted by late 2012 and the mine will ramp up to its annualised targeted production rate of 2.4 million tonnes per annum by 2013.

The processing plant will consist of crushing, screening, conveying and stockpiling operations handling a carbonaceous direct shippable ore product. The load-out and rail siding is designed to be a modern, flexible, highly efficient and rapid loading terminal to give the mine maximum loading capacity and optionality. Total mine

development costs (including associated mine infrastructure) are estimated to be approximately US\$246 million. The expected contribution of the Group towards the total Tshipi Project's capital expenditure requirements is approximately US\$32 million. The Tshipi Project is expected to commence production towards the end of 2012 with a minimum life of 60 years.

A project manager and project execution team is now in place and the project partners (including OMH) are fully funded, aligned and focused on the project delivering on-time and on-budget. Engagement with rail and port capacity providers is ongoing.

An additional 145 million tonnes of 31.58% Mn low grade top-cut manganese ore ("Top-Cut") was added to Tshipi Project's previously announced SAMREC and JORC compliant Mineral Resource estimate of 163 million tonnes at 37.1% Mn. The mining

Signing Ceremony with Ntsimbintle Mining in March 2010



CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT



and stockpiling of this Top-Cut ore will occur as part of the pre-stripping mine plan. Technical and commercial issues associated with the blending, processing, logistics and marketing of this Top-Cut ore can be complex and its use will continue to be reviewed in the context of the mine's mainstream high grade ore production as well as prevailing market and logistics conditions.

The Malaysian Logistics, Smelting and Sintering Plant Project

During the year the Group commenced planning for the development of a Malaysian logistics, smelting and sintering plant to establish an integrated low-cost alloy production centre in South East Asia to support

the growing Asian steel industry. This strategy coincides with the progressive ramp-up in production supply of ore from the Group's interest in the South African Tshipi Project and is expected to increase and diversify the Group's alloy sales into the Japanese and Korean markets.

The operating advantages of this planned Malaysian smelter include taking advantage of the competitively priced and reliable power supply, zero import duty and export tax on manganese ore/alloy in Malaysia, a skilled local workforce, well established infrastructure, pro-business Government policies and a strategic location which will enjoy cost advantages in importing manganese ores and exporting

manganese alloys and sinter products.

As part of this strategy, a wholly-owned subsidiary, OM Materials (Johor) Sdn Bhd ("OMJ") obtained a licence from the Ministry of International Trade and Industry Malaysia to construct and operate a smelting and sintering plant. Fundamental to this expansion, OMJ entered into a Sale and Purchase Agreement to acquire 40 hectares of cleared land from Johor Corporation (a statutory body formed by the Johor State Government). This piece of land is strategically located in a newly established heavy industrial zone, with access to infrastructure including power, water, roads and only five kilometres from the Tanjung Langsat Cargo Port.

The total consideration for the 60 year leasehold land was RM65.5 million (approximately US\$21 million) and the Group intends to fund this acquisition 20% on internally generated cash flows/ cash reserves and 80% debt finance which has recently been secured.

Detailed planning and finalisation of a technical and commercial feasibility for the 66,000 tonne per annum manganese alloy smelter and a 300,000 tonne per annum sinter ore plant is now underway. A feasibility study of the Malaysian facility will be completed by mid 2011 to enable development to commence shortly thereafter.

Territory Resources Limited

During the year the Company disposed its investment in Territory Resources Limited.

Northern Iron Limited ("NFE")

In early 2010 OMH made a significant strategic investment in the ASX listed, Norwegian iron ore producer Northern Iron Limited. This investment was driven by the Group's commodity and geographical diversification strategy focusing on niche businesses in steelmaking raw materials with world class reserves, favourable cost structures, marketable product grades, and where OMH's skills and expertise could make a meaningful operational, commercial and/ or marketing contribution. Later

in the year the Group executed a Loan Facility Agreement with NFE whereby it provided a US\$10 million loan facility for the purpose of providing ongoing working capital funding at NFE's Sydvaranger Iron Ore Project. During October 2010 OMH subscribed for 6.9 million NFE shares at an issue price of A\$1.58 per share which was predominantly funded by way of offsetting the loan of US\$10 million advanced by the Group in July 2010. Following the share placements OMH has maintained its strategic shareholding interest in NFE at 16%.

Proposed Listing on Hong Kong Exchange

In late 2010 the Group commenced the preparation for a dual listing on the Main Board of The Stock Exchange of Hong Kong Limited. The Company considers that the listing will broaden the Company's shareholder base internationally and give the Company access to future capital raising opportunities in the growing Asian market to support its longer term growth strategy. In addition, being strategically positioned in this well established and highly liquid market will be of significant benefit to the Company should it contemplate future international acquisitions and/or growth opportunities. The listing of the Company's shares is anticipated to occur early in the 30 September 2011 quarter.

MARKET OVERVIEW AND OUTLOOK

The external market environment remained overall positive during the year. China crude steel production for 2010 reached 627 million tonnes, representing a 9.3% increase over 2009, while global crude steel production in 2010 reached 1,414 million tonnes. This is an increase of 15% compared to 2009 and is a new record for global crude steel production.

In 2010, China imported close to 12 million tonnes of manganese ore, representing a 20% increase over 2009. The price of manganese ore in 2010 moved between US\$8.70 and US\$6.50/dmtu CIF China. During the first half, the price increased from US\$6.50 to US\$8.70/ dmtu CIF China underpinned by strong demand and positive market sentiment. However in the second half, the price decreased due to a reduction in Chinese crude steel production, a corresponding increase in producer, consumer and port ore stocks as well as production disruptions from power supply restrictions as well as various credit tightening policies affecting both smelters and traders.

The market outlook for manganese continues to be buoyant with the key drivers being sustainable high levels of production in China and improving demand from other major steel producing economies. China remains the largest steel producing and consuming

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

ore truck



economy in the world and is expected for the foreseeable future to remain the major force driving the growth in demand for materials such as manganese.

The expectation of 650 million tonnes of Chinese crude steel production during 2011 provides a positive outlook for the manganese market, supported by further increasing Mn unit demand as well as increasing Mn unit consumption by global steelmakers. In a positive demand environment the Group's supply analysis indicates the lack of latent high grade production capacity and the continued decline of Chinese low grade domestic ore production (in Mn unit terms) due to depleting resources,

reducing grades, increasing costs and tightening environmental requirements.

OMH remains committed to extracting maximum value and cash from its operating assets, rewarding its shareholders for their support through its dividend policy and continuing to build the strategic foundations of a leading integrated world class manganese producer.

OMH's key foundations for ongoing performance and success delivery have been the result of the efforts of the Group's people, working together safely and efficiently to deliver benefits to Shareholders, stakeholders and the global jurisdictions in

which OMH operates. On behalf of the Board we sincerely thank them for their efforts, for their strong engagement and for their commitment to OMH to ensure that OMH remains an independent word class leader in the carbon steel materials business, whilst making OMH a safe and productive place to work.

LOW NGE TONG

Executive Chairman

PETER IVAN TOTH

Chief Executive Officer

二零一零年标志着OM Holdings Limited (「OMH」) 在营运、企业及战略方向及业绩表现方面均取得重大进展的一年。OMH已成功完成自身定位，故有能力充分利用全球、尤其是在中国钢铁生产行业的复苏、日益殷切的锰产品单位需求以及由此引致的矿石及合金价格回升所带来的商机。透过将基本业务重心放在利用战略锰矿及合金增长所带来的商机，以及继续透过物色、分析及利用能创造价值的商机建立稳健根基，本集团不断取得重大进展。

本集团于二零一零年的财务表现概述如下：

- 二零一零年全年合共录得扣除利息、税项、折旧及摊销前盈利69,700,000澳元，较二零零九年增长93%。
- 二零一零年全年合共录得扣除利息及税项前盈利56,700,000澳元，较二零零九年增长115%。
- 二零一零年全年合共录得本公司拥有人应占纯利47,200,000澳元，较二零零九年增长75%。
- 受锰矿石价格上涨及稳定销售表现支撑，于二零一零年录得销售收入307,500,000澳元。
- 毛利率由二零零九年的34%增长至二零一零年的38%。
- 每股基本盈利增至每股0.10澳元（二零零九年：每股0.06澳元），每股有形资产净值增至每股0.64澳元（二零零九年：每股0.54澳元）。
- 二零一零年十二月三十一日的现金储备为42,100,000澳元。本集团已提取贷款90,000,000美元用于投资其南非Tshipi锰矿项目（「Tshipi项目」），并于年内偿还其中17,000,000美元。



Double rainbow over the Kathu Golf Course in South Africa

战略方向

本集团矢志成为全球一流的综合锰矿石生产商，其具体战略目标及行动载列如下：

- 使现有营运资产、市场推广及买卖业务及战略投资产生最高价值；
- 透过自然增长、发展新项目、战略投资及并购活动扩宽高品位矿产资源基础；
- 在马来西亚建立低成本、可持续发展及位于战略位置的冶炼及烧结厂，以支持日益发展的亚洲钢铁行业；及
- 继续从战略高度扩宽其产品的种类及地区市场。

本集团的具体增长措施及战略投资基于「四大支柱战略」，即：

自然增长—透过致力改善其勘探、开采、烧结、冶炼及市场推广业务的安全性、营运及成本表现使本集团的现有资产及投资产生最高价值，从而推动经营业务达致最佳表现。矿石业务达致自然增长的推动力来自Bootu Creek矿区从矿石加工至产品工序的持续优化，以及用于扩大矿产租约项下高品位矿产资源及矿石储量以及勘探租约项下探明新高品位矿产资源及矿石储量（包括潜在的Renner及Helen Springs项目）的庞大勘探预算。预期合金业务增长将来自现有冶炼及烧结厂的持续优化，从而实现对生产水平及单位成本的有效管理，以及达致继续作为低成本生产商的目标。

锰产品增长—积极参与挖掘整个锰价值链中的价值，同时透过参与行业整合及并购活动获得更多锰矿以扩大本集团的高品位矿产资源，并在战略位置建立具全球竞争力及低成本优势的综合性合金工厂以支撑本集团不断增长的矿石产量。长期Tshipi项目为世界级投资，为本集团进军南非锰矿行业提供了一个绝佳平台。该项投资使本集团与一家南非「提高黑人经济实力」公司建立专门直接关系，并为物色及把握本集团日后可能在南非乃至非洲积极寻求的锰矿及炼钢原材料的勘探及开采商机创建稳固的战略根基。本集团已开始建设马来西亚冶炼及烧结厂，以在东南亚战略位置建立一个低成本的综合性合金生产中心，从而支撑不断发展的亚洲钢铁行业。此项战略与本集团积极提高其拥有权益的南非Tshipi项目的矿石产量一致，预期将增加及扩宽本集团对日本及韩国市场的合金及烧结矿石销售。

勘探渠道—透过勘探、战略合作伙伴、收购活动、合营公司及于潜在炭钢产品开发公司及资产的股权增加本集团的高品位矿产资源。本集团将继续

二零一零年全年合共录得扣除利息、税项、折旧及摊销前盈利69,700,000澳元，较二零零九年增长93%。

续寻求商机以透过参与战略业务伙伴的矿场投资直接及间接地把握勘探商机。即有案例包括本公司于Shaw River Resources Limited和Scandinavian Resources Ltd的投资，以及与Monax Mining Ltd和Archer Exploration Ltd订立协议后获得的勘探区。

产品多样化—扩宽本集团的产品种类及地区市场，以增加产品价值并将其发展成为一项重要的炭钢原材料业务。

本集团的勘探及开采、烧结及冶炼活动（以及市场推广及买卖业务）表现

锰矿的勘探及开采

开采及矿石加工设施包括Bootu Creek锰矿（由OM (Manganese) Ltd (「OMM」) 全资拥有)

于二零一零年，Bootu Creek锰矿的年产量创历史新高，共生产831,361吨36.7%品位的锰矿石，较上年度增长28%。

于二零一零年第四季，本集团录得季度生产232,925吨36.4%品位锰矿石的创记录产量，按「所生产含锰单位」基准计算增长3.5%，此乃因产率、金属回收率以及开采计划的提升。

于相同季度内，Bootu Creek锰矿录得223,171干吨的创记录季度交货量，使二零一零年录得743,477干吨的年度交货量。

于二零一零年下半年，Bootu Creek锰矿的年化生产率超过920,000吨。生产过程的优化及改善措施以及加快开采进度和提升加工厂效率预期将使本集团于二零一一年实现1,000,000吨的年化生产目标。

于二零一零年第四季，OMM在Shekuma Pit加快大规模预先剥离表土的生产活动，并延迟计入前期开采活动应占开采成本，以准确地反映该等矿石的利益/收入，预期该成本将于未来期间进行评估。

主席和首席执行官报告

该矿场的全年C1单位现金成本为每千公吨单位4.12澳元，包括就递延开采成本作出的调整。

二零一零年的目标填实及延伸勘探计划于二零一零年十二月三十一日维持在32,500,000吨22.6%品位锰产品的矿产资源水平。Bootu Creek锰矿的矿石储备于二零一零年十二月三十一日维持在21,500,000吨21.0%品位锰产品的水平，这表明补充率高于消耗率。

铁合金制造

该分类包括钦州锰烧厂的业务以及东方资源（钦州）有限公司（「东方资源（钦州）」）和贵州嘉禾伟业铁合金有限责任公司（新近收购的附属公司，本集团拥有其52.5%实益权益）持有的合金冶炼业务。

尽管当地政府于二零一零年第四季执行影响巨大的限电政策，高碳锰铁（「Hc FeMn」）合金于二零一零年的年产量仍达到36,732吨，较上一年度增长12%。于政府放宽限电政策后，该冶炼厂于二零一零年十二月恢复合金生产。本集团已于二零一零年第四季完成电炉的维护及技改工程，并于二零一零年一月开始全面投产。

于二零一零年，铁合金制造业务的收入增长8%。收入增长乃主要由于(i)年内锰铁合金交易量有所增加；及(ii)新建烧结矿厂对外销售锰烧矿录得收入所致。溢利增长主要由于高碳锰铁合金于二零一零年的强劲市场需求所致。

市场营销、物流及买卖

该分类包括本集团的所有市场营销、买卖及物流业务，包括：

- OM资源（新加坡）有限公司股权及第三方买卖业务；
- 东方资源（钦州）有限公司矿石买卖业务—为本集团华南区库存分销策略的一部份；及
- 上海澳锰科贸有限公司矿石买卖业务—为本集团华北区库存分销策略及以技术营销为主的市场开发业务的一部份。

于二零一零年，本集团买卖业务所得收入为428,700,000澳元，较上一年度增长17%。该增长乃主要由于二零一零年锰矿石售价高企及第三方买卖业务增长所致。年内，市场营销及买卖业务分部交付776,680湿吨的OMM锰铁矿石及233,243湿吨的第三方锰铁矿石。二零一零年的销售表现受惠于中国冶炼厂直接向Bootu探购矽质氧化矿石的强劲需求，以及本集团从战略高度精心布局分销网络、推行多重销售策略、建立稳固客户关系及执行合乎使用价值的定价政策。

于二零一零年年初，OMH对Northern Iron Limited（澳洲证交所上市的挪威铁矿石生产商）作出重大战略投资。年内，OMS与NFE的全资附属公司继续就向亚洲市场销售NFE铁精矿洽谈订立长期独家代理协议。有关洽谈已于二零一零年一月底顺利完成并签订了五年期协议。该代理协议规定，NFE向亚洲市场销售铁精矿的吨数不受限制。于订立该五年协议前，OMS根据一项短期代理协议成功销售NFE铁精矿，并已直接向中国三家钢铁厂交货。

年内，OMS亦与IronClad Mining Limited（「IFE」）签订一项独家销售及营销代理协议。IFE授予OMS独家销售及营销安排，当中涵盖了购买及营销IFE在南澳大利亚的Wilcherry Hill项目于首两个年度所生产的矿石。OMS将承销其于首两个年度所生产的矿石，同时获准透过担任当事人、代理或透过其库存及分销系统进行销售以取得最优厚营销回报。OMS亦将负责在IFE与中国钢铁厂之间提供所有合适的营销支持服务、技术营销联系及营销对接服务，以及协助在中国建立及推广IFE品牌。

于二零一零年一月，OMS在中国深圳为主要锰矿客户举行年度会议。除介绍OMM于二零一零年的生产及交货计划外，OMS亦推介即将动工的Tshipi项目及其高品位碳酸矿产品并获得积极响应。当时约有120名客户参加该次会议。

战略性增长项目及企业活动

Tshipi项目

本集团于南非卡拉哈里沙漠盆地世界顶级Tshipi项目所作的投资，为本集团进军掌控蕴藏全球80%已探明锰矿石资源的南非锰行业提供了一个卓越的平台。这项投资开创奠定了一个物色及利用把握该地区内未来开采勘探及发展机会的基础，并势必亦将有助进一步促进本集团的冶炼、烧结及市场营销推广业务的进一步自然增长。

Tshipi e Ntle Manganese Mining (Proprietary) Limited（「Tshipi e Ntle」）由Ntsimbintle Mining (Proprietary) Limited（「Ntsimbintle」），乃一间黑人经济授权公司，由其创始人南非杰出的商人Saki Macozoma先生领导的赋予黑人经济权利的公司）拥有50.1%的多数股权。Macozoma先生亦为Tshipi e Ntle的主席。OMH与Ntsimbintle已联合成立「Ntsimbintle新公司」，以直接持有其于Tshipi e Ntle的投资。OMH为Ntsimbintle新公司的战略性股东，拥有其26%权益，而余下74%权益则由Ntsimbintle拥有。OMH（透过其市场营销推广及贸易附属公司OMS）与Ntsimbintle已宣布就其分摊占Tshipi项目的产出成立一间总部位于新加坡的市场营销推广合资公司（「OMT」）。OMT

合资公司由OMH及Ntsimbintle分别拥有70%及30%权益。自OMH于二零一零年三月取得其于Ntsimbintle新公司的26%权益以来，有关各合伙人以共享价值、明确目标及共同愿景为基础，已建立缔结根基基础稳固、优势互补、生产力极强的业务关系。

OMH于Ntsimbintle及于Tshipi项目的投资，为OMH提供了多项若干战略性优势，即：

- 开创了一个可令OMH藉参与世界顶级项目进军南非锰行业的卓越平台，这切合OMH的增长及地域多元化目标；
- 与南非一级的赋予黑人经济授权权利的公司建立起独特而稳固的股权及市场营销推广关系，可长期参与致力于发展锰行业、作进一步行业合并及发展Tshipi项目；及
- 有助方便执行及展现OMH欲使烧结及冶炼业务的进一步自然增长的策略及能力。

年内及二零一零年初，Tshipi项目取得若干重大进展。

Tshipi e Ntle董事会已批准开始发展Tshipi项目。

目前，矿场开发、设施以及工厂、物料装运及铁路旁轨建设已经开始，并预期于二零一二年末竣工，到二零一三年，该矿场的年度化目标产能将提升至每年2,400,000吨。

加工厂将内含进行压碎、筛选、运输及堆场作业段，能将矿石处理为可予直接付运输的碳酸矿石。物料装运及铁路旁轨设施将设计为一个现代化、灵活、高效及快速装运的站点，能最大限度地为矿场提供最高装运能力及选择。估计矿场发展成本总额（包括相关矿场基础设施）约为246,000,000美元。按预期本集团按其持有13%间接权益计算，预期本集团对Tshipi项目资本开支需求总额的供款出资额约为32,000,000美元。预期Tshipi项目将于二零一二年末投产，最短开采寿命为60年。

现已组建一个支项目管理及项目执行小组现已组成，且各项目合伙人（包括OMH）已备妥悉数获提供资金、充份调整配合就绪及致力按时、按预算交付项目。目前正在委聘铁路及港口运输服务提供商。

Tshipi项目除先前公布估计有163,000,000吨含锰量37.1%且符合SAMREC及JORC规定的矿物资源之外，而现已探明该项目额外蕴藏有145,000,000吨含锰量31.58%的低品位顶端切割锰矿石（「顶端切割」）。该等顶端切割矿石的开采及堆场工作将作为预先剥离矿场表土计划的一部份来进行。与该等顶端切割矿石的混合、加工、物流及市场营销推广相关的技术及商业事宜可能颇为繁复杂，

而其应用途将参考该矿场的主要高品位矿石生产情况以及当时市场和物流情况进行检讨。

马来西亚冶炼及烧结厂房项目

年内，本集团已开始规划在马来西亚发展一间马来西亚冶炼及烧结厂房，以在东南亚成立一间一体化全低成本的综合合金生产中心，支持不断壮大的亚洲钢铁行业。该策略切合本集团于南非Tshipi项目所占权益中逐步提升矿石生产供应的计划，并预期将会增加本集团的合金销售，并将销售市场拓展至日本及韩国。

该间计划兴建的马来西亚冶炼厂的营运优势包括可利用具竞争力的定价及可靠的电力供应、马来西亚对锰矿石 / 合金的零进口税及出口税政策、当地技术娴熟的劳工动力、完善的基础设施、政府支持商业的政策及战略性地理位置（即在进口锰矿石及出口锰合金及烧结产品方面享有成本优势）。

作为该项战略的一部份，本集团一间全资附属公司OM Materials (Johor) Sdn Bhd已从马来西亚国际贸易及工业部取得兴建及经营冶炼及烧结工厂的牌照。作为拓展的重要一步，本集团旗下实体已订立一份买卖协议，以向Johor Corporation（柔佛州政府成立的一间法定机构）收购40公顷已平整经清理的土地，这对本集团的扩展而言是至关重要。该幅土地策略性地位于在新设立的重工业区中，配备有电力、水、公路等基础设施，距离丹絨浪塞Tanjung Langsat货运港口仅五公里。

该幅60年租赁期的土地的总代价为65,500,000马币（约21,000,000美元）。本集团拟以透过内部产生的现金流量 / 现金储备支拨是次收购代价的20%，并以已于近期取得的80%债务融资支付收购代价的80%。

现正详细规划及最后落实该间每年冶炼66,000吨锰合金及每年烧结300,000吨矿石的厂房的技术及商业可行性。该马来西亚设施的可行性研究将于二零一一年年中完成，以便开发工作能随供其后立即展短期开始发展。

Territory Resources Limited

年内，本公司已出售其于Territory Resources Limited的投资。

Northern Iron Limited (“NFE”)

于二零一零年初，OMH于一家已在澳洲证交所上市的挪威铁矿生产商Northern Iron Limited作出重大策略投资。该投资乃由本集团的商品及地区多样化策略所驱动，旨在专注投资于拥有世界级储量的炼钢原材料、有利的成本架构及可销售等级产品的专门业务，而OMH本身的技术及专业知识须能对其营运、业务及 / 或营销作出有意义的贡献。

于同年较后时间，本集团与NFE订立贷款融资协议，为NFE的Sydvaranger铁矿项目提供1千万美元的贷款融资，作为持续经营所需的营运资金。于二零一零年十月，OMH以发行价每股1.58澳元认购6,900,000股NFE股份，主要以抵销本集团于二零一零年七月垫付的1千万美元贷款的方式支付认购股款。于该次股份配售后，OMH将其于NFE的策略性持股权益维持在16%。

拟于香港交易所上市

于二零一零年底，本集团已开始筹备在香港联合交易所有限公司主板作双重上市的工作。本公司认为此举可在国际上扩大本公司的股东基础，给予本公司在发展中的亚洲市场获得未来集资的机会，以支持其长期发展策略。此外，在此发展健全且有高流动性的市场建立策略据点将为本公司于未来进行国际性收购及 / 或在发展机遇出现时获得重大裨益。本公司股份预期将于二零一一年九月三十日季度初上市。

市场概览及展望

年内，外部市场环境整体保持利好。中国粗钢产量于二零一零年达627,000,000吨，较二零零九年增加9.3%，而二零一零年全球粗钢产量达1,414,000,000吨，较二零零九年增加15%，刷新了全球粗钢产量的纪录。

于二零一零年，中国进口近12,000,000吨锰矿石，较二零零九年增加20%。于二零一零年，锰矿石的中国到岸价格每干公吨单位介乎6.50美元至8.70美元之间。于上半年，受到需求强劲及市场乐观气氛的支持，中国到岸价格由每干公吨单位6.50美元上涨至8.70美元。然而，于下半年，价格由于中国粗钢产量减少、生产商、消费者及港口矿石存货的相应增加以及供电限制造成生产中断以及一连串信贷紧缩政策对精炼商及贸易商

均造成影响而有所下降。

锰的市场前景持续向好，其主要驱动力为中国钢铁产量持续处于高水平及其它主要产钢经济体的需求不断增加。中国仍为世界最大的钢铁生产及消费经济体系，预期于可见的将来，中国仍为锰等材料需求增长的主要驱动力。

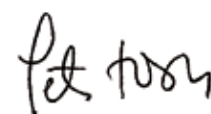
预期中国粗钢产量于二零一一年将为650,000,000吨，为锰市场提供了乐观前景；此外，全球钢铁生产商对锰单位需求日益增加以及锰单位消费的增加亦带来支持。在有正面需求支持的环境下，本集团的供应量分析指出出现时缺乏潜在高等级产能，及中国低等级国内矿石生产（按锰单位计）因资源消耗、等级下降、成本增加及环保要求更加严格而持续减少。

OMH承诺自其营运资产获取最大价值及现金，透过股息政策回报股东的支持及不断构建世界领先综合锰生产商的策略基础。

OMH的经营业绩持续成功的主要基础有赖本集团员工的努力耕耘、同心协力地以同时兼顾安全及效率的方式为股东、利益相关人士及OMH经营所在的全域司法权区带来利益。我谨代表董事会对彼等致以诚挚的谢意，感谢彼等的努力、强大的责任感及对OMH的承诺，确保OMH继续成为碳钢材料行业的独立世界级领先企业，同时使OMH成为既安全及高产的工作环境。



执行主席
刘义东



首席执行官
Peter Ivan Toth

TSHIPI BORWA MINERAL RESOURCE SUMMARY

Table A: Tshipi Borwa "Top-Cut" only Mineral Resource Summary

Classification	Zone	Tonnes (million)	Manganese (%)	Iron (%)	Loss on Ignition (%)	Realtive Density
Indicated	X	25	33.03	4.62	20.19	3.56
Indicated	Z	14	33.41	6.01	19.50	3.57
Total		39	33.17	5.13	19.94	3.56
Indicated	X	78	30.90	4.82	20.78	3.53
Indicated	Z	28	31.29	6.09	19.01	3.62
Total		106	31.00	5.15	20.32	3.55
Indicated	X	103	31.41	4.77	20.64	3.54
Indicated	Z	42	32.01	6.06	19.17	3.60
Total		145	31.58	5.14	20.22	3.56

Table B: Tshipi Borwa Mineral Resource Summary (Excluding the "Top Cut")

Deposit	Indicated		Inferred		Total (Indicated and Inferred)	
	Tonnes (million)	% Mn	Tonnes (million)	% Mn	Tonnes (million)	% Mn
Zone M	22.69	37.95	39.64	37.87	62.33	37.90
Zone C	22.95	36.68	40.61	37.01	63.56	36.89
Zone N	12.83	36.67	20.73	35.98	33.56	36.25
Altered	3.35	35.35	0.43	31.41	3.78	34.90
Total	61.82	37.07	101.41	37.11	163.23	37.10

The above Mineral Resource estimates are JORC and SAMREC (2007) compliant

Competent Person

VM Simposya, BSc (Geology), MSc (Mining Engineering), is a Partner and Principal Geologist with SRK and is registered Professional Natural Scientists (Geological Science) Pri. Sci. Nat., and also member of South African Institute of Mining and Metallurgy (SAIMM). He is responsible for signing off Mineral Resources as a Competent Person for the SAMREC Code, the JORC Code and the NI-101 and has consulted extensively for various financial institutions. He has over 30 years' experience in the mining industry with expertise in geological modelling and resource estimation. VM Simposya has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The SAIMM is included in a list of Recognised Overseas Professional Organisations promulgated by the ASX from time to time.

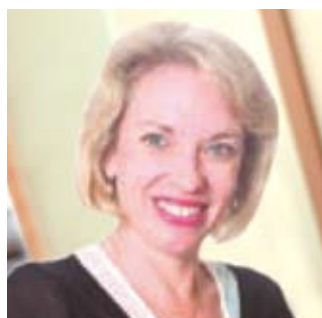
VM Simposya consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.



LOW NGEE TONG
Executive Chairman



PETER IVAN TOTH
Chief Executive Officer



JULIE ANNE WOLSELEY
Non-Executive Director and Joint Company Secretary

LOW NGEE TONG

Executive Chairman

Mr Low is a qualified Mechanical Engineer, having graduated from the National University of Singapore. He has over 31 years experience in the steel, ferro alloy and building materials industries in Asia. That experience was gained with Chiyoda Limited, a global Japanese civil engineering group, Intraco Limited, Intraco Resources Pte Limited, and C Itoh Limited, a significant Japanese metals trading house. Mr Low has demonstrated an excellent network for marketing in China. He was the Chief Executive Officer of OMH since its incorporation and subsequent listing in 1998. In October 2008, Mr Low became the Executive Chairman of OMH. Mr Low's business relationships and reputation with several large multinational corporations in Asia have enabled OMH to successfully establish its profitable operations based in Singapore and extending to China and Australia.

PETER IVAN TOTH

Chief Executive Officer

Mr Toth holds a Bachelor of Business degree from Monash University in International Business and Japanese, a Graduate Certificate in Management from Deakin University and a Master of International Business from the University of Melbourne. He has undertaken executive development programs at INSEAD and Stanford University. Mr Toth has worked and studied in Japan and held various junior management roles with BHP Steel and BHP Manganese in Australia. He subsequently joined Billiton's Samancor Manganese business in 1998 and held senior marketing roles in Australia and The Netherlands. Following the BHP and Billiton merger in 2001, he moved to Singapore as Vice President for Manganese Marketing and later Vice President for Iron Ore Marketing. In 2006, he took responsibility in managing the total marketing and logistics activities of BHP Billiton's Carbon Steel Materials group as Marketing Director. Mr Toth joined the Board on 3 September 2008.

JULIE ANNE WOLSELEY

Non-Executive Director and Joint Company Secretary

Ms Wolseley holds a Bachelor of Commerce degree and is a Chartered Accountant. She is the Principal of a corporate advisory company and has over 19 years experience as Company Secretary to a number of ASX-listed companies operating primarily in the resources sector. Previously Ms Wolseley was an Audit Manager both in Australia and overseas for an international accounting firm. Her expertise includes corporate secretarial, management accounting, financial and management reporting in the mining industry, IPOs, capital raisings, cash flow modeling and corporate governance. Ms Wolseley is also a Member of the Australian Institute of Company Directors and has been the Joint Company Secretary of OMH since 2001. She was appointed as a Non-Executive Director on 24 February 2005. Ms Wolseley is a member of the Audit and Remuneration Committees.

DIRECTORS

TAN PENG CHIN

Independent Non-Executive Director



THOMAS TEO LIANG HUAT

Independent Non-Executive Director



WONG FONG FUI

Independent Non-Executive Director

TAN PENG CHIN

Independent Non-Executive Director

Mr Tan is a lawyer and Senior Director of Tan Peng Chin LLC, a Singapore-based law firm specialising in the areas of banking and finance, corporate and commercial law, conveyancing, employment law, intellectual property, technology, franchising and competition law. Mr Tan holds current directorships on a number of companies in the Asia region and his expertise greatly assists the advancement of strategic pursuits within Asia. He has been a Non-Executive Director since 14 September 2007. Mr Tan is the Chairman of the Remuneration Committee.

THOMAS TEO LIANG HUAT

Independent Non-Executive Director

Mr Teo holds a Master of Business in Information Technology from the Royal Melbourne Institute of Technology and a Bachelor of Accountancy degree from the National University of Singapore. He is also a fellow member of the Institute of Certified Public Accountants of Singapore. Mr Teo is the Chief Financial Officer

of G.K. Goh Holdings Limited, a Singapore-listed group involved primarily with investment holdings and the provision of financial-related services. His executive responsibilities extend to financial and investment management as well as being a representative on various subsidiaries and associates. Mr Teo joined the Board on 17 July 2008. Mr Teo is the Chairman of the Audit Committee and is a member of the Remuneration Committee.

WONG FONG FUI

Independent Non-Executive Director

Mr Wong is an eminent and highly respected Singapore based businessman with proven success in a number of diverse fields including engineering services, commercial aviation, education, food manufacturing and retail, information technology and telecommunications. Mr Wong has a Bachelor of Engineering degree in Chemical Engineering from the University of New South Wales, Australia. Mr Wong is presently the Chairman and Group Chief Executive Officer of Boustead Singapore Limited

(“Boustead”), a position he has held since 1996. Boustead is a successful and progressive specialised global engineering services and geo-spatial technology group listed on Singapore Exchange Limited. To date Boustead has undertaken numerous infrastructure related projects throughout Asia, Australia and the Middle East. Boustead’s unique suite of engineering services extends to engineering fields such as energy-related engineering (for oil and gas/petrochemicals and solid waste energy recovery), water and wastewater engineering and industrial real estate solutions. Boustead also provides consulting services and geo-spatial technology to major international markets. Prior to joining Boustead, Mr Wong was the Group Managing Director of QAF Limited, a food manufacturing and retail company from 1988 to 1996. He was also instrumental in the start-up and privatisation of Myanmar International Airways and one of the initial shareholders and director of Jetstar Asia. Mr. Wong joined the Board on 5 June 2008.

GOH SOO FUNG

Chief Financial Officer, OMH

Ms Goh joined the Group as Chief Financial Officer on 13 September 2010. Ms Goh is a non-practicing Certified Public Accountant of the Institute of Certified Public Accountants of Singapore. She possesses more than 15 years of professional corporate experience with specialised knowledge of finance and accounting principles and practices and financial corporate compliances. Ms Goh was most recently the Vice-President of Finance with Singapore listed multinational Hyflux Ltd, a prominent leading group involved in environmental solutions to mitigate global water scarcity. She has also served senior managerial and financial roles in the past, which also included being an Associate Director – Finance and Operations with KPMG LLP, Singapore.

PAUL THOMAS

Chief Development Officer, OMH

Mr Thomas is responsible for evaluating and managing new growth opportunities relevant to expanding the Group's manganese and other businesses and investments. He is a qualified metallurgist with extensive mining development and operational experience. Mr Thomas holds regulatory and technical qualifications in mining, processing and management and has over 10 years experience as Manager of various mining operations in Australia.

HENG SIOW KWEE

Group Human Resources Director and Managing Director, OMS

Ms Heng is a qualified Accountant and a Business Administration graduate of the National University of Singapore and has completed a fellowship of the Australian Insurance Institute at Deakin University in Victoria, Australia. In the period from 1986 to 1992, she was involved in areas of marketing, administration and training within the insurance industry. Ms Heng was involved in the establishment of OMH in 1993 and is responsible for the Group's Human Resources. Recently, Ms Heng was appointed Managing Director of OMS.

FANIE VAN JAARSVELD

Managing Director, OMM

Mr Van Jaarsveld is the Managing Director of the Australian operating subsidiary of the Company. He has had over 25 years of manganese experience primarily in senior management and operational roles with BHP Billiton in South Africa. Mr Van Jaarsveld is responsible for all operational aspects of the Bootu Creek Mine.

YANG LI ZHONG

General Manager, OMQ

Mr Yang joined the Group in December 2000 and has been a Director and the General Manager of OMQ since October 2004. Prior to joining the Group in 2000, Mr Yang has worked mainly in managerial roles in a number of trading companies in the PRC. Mr Yang studied at Shenyang specialising in machine welding.

GOH PING CHOON

General Manager (Trades), OMS

Mr Goh joined the Group in June 2007. He is the General Manager of Trades of OMS. Prior to joining the Group, he gained 15 years of experience in sales, international trade and related payment as well as documentation activities. Mr Goh has extensive knowledge of steel mills and of the steel-related products industry through working in a number of trading companies in Singapore and Myanmar. Mr Goh holds a Bachelor of Business Administration degree from the National University of Singapore.

FRANK BOTICA

Financial Controller, OMM

Mr Botica is the Financial Controller of the Australian operating subsidiary of the Company. Prior to joining the Group, he performed financial and managerial accounting responsibility for various mining operations in Australia where he was involved in budgeting, business planning, financial evaluation of strategic initiatives, acquisitions and investments, and development of financial models and evaluation processes.

CRAIG THOMAS REDDELL

Geology Manager, OMM

Mr Reddell is the Geology Manager of the Australian operating subsidiary of the Company. He has extensive nickel and gold experience in exploration and mine geology management (underground and open cut) at mining operations throughout Australia and has responsibility for team leadership, exploration strategy and implementation, systems development, financial planning, team safety, recruitment and development, statutory compliance and tenement management.

YOUNG WOO HWA EDWARD

General Manager, (Corporate/Projects), OMH

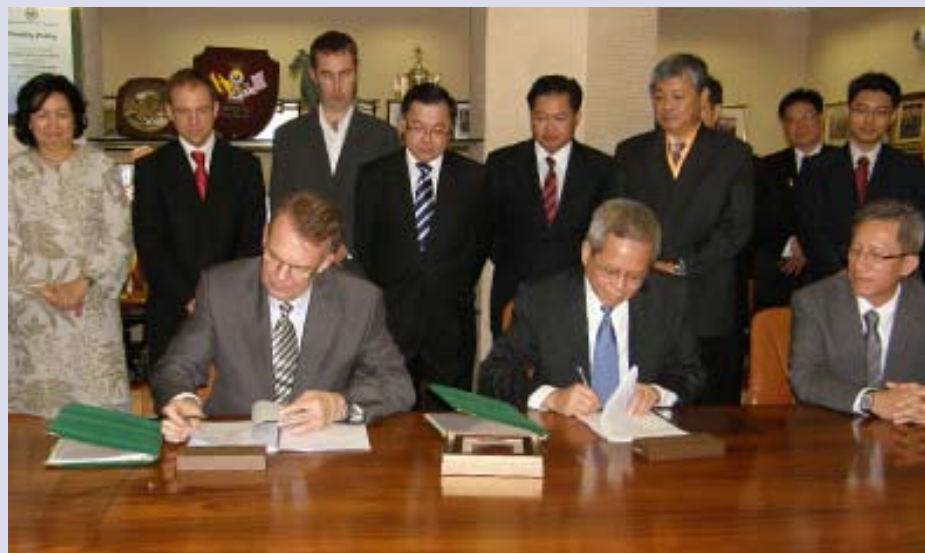
Mr Young joined the Group in January 2005 and is the General Manager of Corporate Development of OMS. Prior to joining the Group in January 2005, Mr Young held managerial positions in a number of metal trading companies in Singapore and was in charge of managing various trade developments and the implementation of contracts.

TAN MENG KHONG

Deputy General Manager Trades & Development, OMH

Mr Tan joined the Group in November 2004. Prior to joining the Group, Mr Tan had over three years of experience performing auditing in various industries such as trading, manufacturing, cosmetics, engineering services, contract work and investment holdings, including public-listed companies.

CORPORATE DIRECTORY



OMH signs Key MOU with Malaysian Electricity Provider

DIRECTORS

Low Ngee Tong (*Executive Chairman*)
Peter Ivan Toth (*Chief Executive Officer*)
Julie Anne Wolseley
Tan Peng Chin
Wong Fong Fui
Thomas Teo Liang Huat

COMPANY SECRETARIES

Heng Siow Kwee
Julie Anne Wolseley
I.S. Outerbridge
Lo Chi Man

ADDRESS OF COMPANY AND REGISTRIES

The address of the

Head Office of the Company:

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Telephone : (65) 6346 5515
Facsimile : (65) 6342 2242
Email : om@ommaterials.com

The address of the Bermuda Registered Office:

Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

The address of the Company's Principal Share Registry in Bermuda:

Codan Services Limited
Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

The address of the Company's Branch share registry in Australia:

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
Perth, Western Australia 6000
Telephone : (618) 9323 2000
Facsimile : (618) 9323 2033
Website : www.computershare.com

NAME OF BANKERS

Australia and New Zealand Banking Group Limited
Bank of China
Bank of Communication
Bank of Construction
BNP Paribas
KBC Bank NV
Malayan Banking Berhad
National Australia Bank Ltd
Oversea-Chinese Banking Corporation Limited
Rabo Bank International
Standard Chartered Bank
The Royal Bank of Scotland

NAME AND ADDRESS OF AUDITORS

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Singapore Chinese Chamber of
Commerce & Industry Building
Singapore 179365

NAME AND ADDRESS OF APPOINTED AUSTRALIAN AGENT

OM Holdings (Australia) Pty Ltd
c/o 102 Angelo Street
South Perth WA 6151
Telephone : (618) 9481 0955
Facsimile : (618) 9481 0966

NAME OF BERMUDA RESIDENT REPRESENTATIVE

John C.R. Collis

NAME OF BERMUDA DEPUTY RESIDENT REPRESENTATIVE

Anthony D. Whaley

WEBSITE: www.omholdingsltd.com

ASX CODE:

OMH



FINANCIAL HIGHLIGHTS

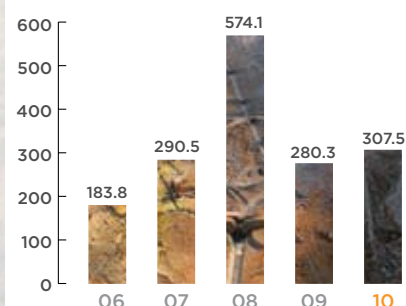
5 Year Group Financial Highlights

Financial years ended 31 December	2010	2009	2008	2007	2006
	A\$'million	A\$'million	A\$'million	A\$'million	A\$'million
Revenue	307.5	280.3	574.1	290.5	183.8
Profit/(Loss) before taxation	55.3	28.3	133.5	61.8	(31.6)
Profit/(Loss) attributable to shareholders	47.2	26.9	115.6	56.9	(32.5)
Total assets	509.3	323.3	331.9	219.0	148.4
Shareholders' funds	325.9	265.7	250.7	166.2	71.5
Net tangible assets	321.3	263.1	246.0	162.2	67.4
	A\$cents	A\$cents	A\$cents	A\$cents	A\$cents
Net tangible assets per share	63.87	53.60	51.51	35.65	22.73
Basic earning/(Loss) per share	9.58	5.59	24.81	14.29	(11.59)
Dividend per share	2.75	3.0	6.5	6.0	Nil
	2010	2009	2008	2007	2006
Gross Profit (A\$ million)	117.4	112.8	261.5	109.9	19.1
Gross Profit Margin (%)	38.2	40.2	45.6	37.8	10.4

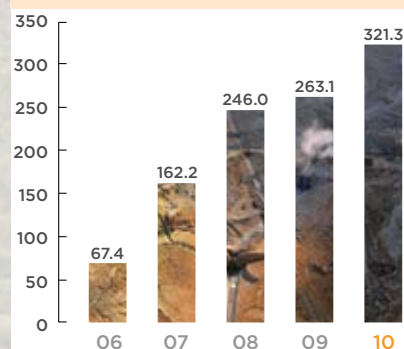
Comparison sales to International Regions were as follows:

Region	2010	2009	2008	2007	2006
	%	%	%	%	%
South Korea/Japan	-	4.2	10.7	4.4	4.6
China	96.2	91.6	72.1	85.6	80.3
Others	3.8	4.2	17.2	10.0	15.1
Total	100	100	100	100	100

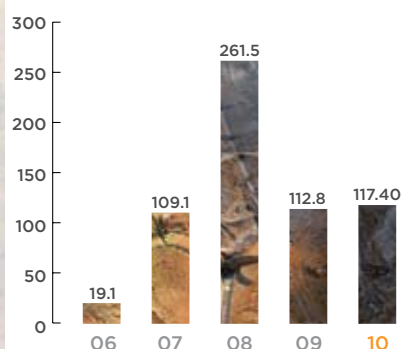
REVENUE (A\$'million)



NET TANGIBLE ASSETS (A\$'million)



GROSS PROFIT (A\$'million)



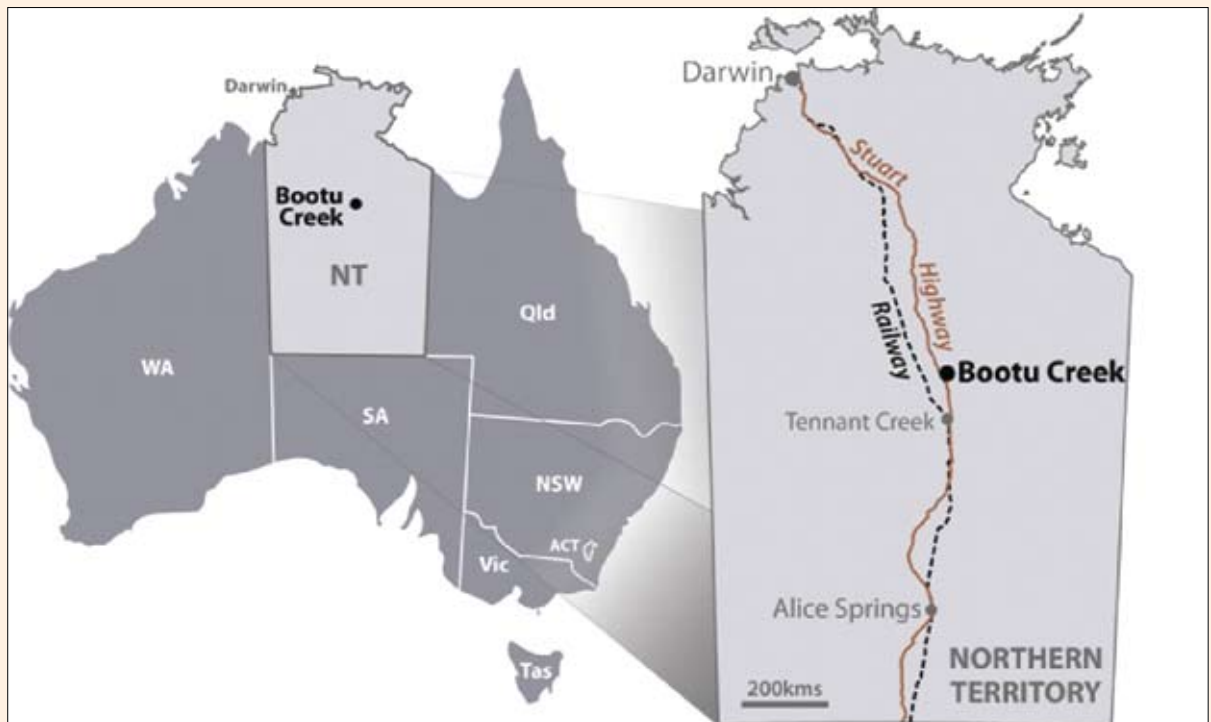


Figure 1. Bootu Creek Mine site location

HIGHLIGHTS

- **Record annual production of 831,361 tonnes grading 36.7% Mn, representing a 28% increase over the previous year.**
- **For the second half of 2010 the Bootu Creek Mine achieved an annualised production rate in excess of 920,000 tonnes and record monthly production of 89,867 tonnes was attained in the month of September 2010.**
- **Record annual shipment volume of 743,477 dry tonnes for the year.**
- **Targeted infill and extensional exploration programs during 2010 maintained the Mineral Resource position of 32.5 million tonnes at 22.6% Mn as at 31 December 2010 and allows for a mine life of 13 years based on a mining and processing rate of 2.5 million tonnes of ore per annum for a planned manganese production rate of 1 million tonnes per annum.**
- **Ore Reserve stands at 21.5 million tonnes (at 21.0% Mn) as at 31 December 2010, against 20.5 million tonnes (at 21.4% Mn) as at 31 December 2009, representing a higher replenishment rate against depletion rate.**

OVERVIEW

OM (Manganese) Ltd ("OMM") owns the Bootu Creek Mine located 110km north of Tennant Creek in the Northern Territory of Australia. OMM's principal administration offices are located in Perth, Western Australia and Darwin in the Northern Territory.

The exploration and development of the Bootu Creek Mine commenced in September 2001. Mining operations commenced in November 2005 and its first

batch of ore was processed in April 2006.

The main tenement leases are located in the Bootu Creek area on Pastoral Leases, where the mining and processing operations are based and currently defined Mineral Resources and Ore Reserves exist. Two regional exploration project areas are located at Renner Springs and Helen Springs.

The Bootu Creek Mine area contains a number of manganese

deposits including the abandoned Muckaty mine, worked from shallow open pits between 1955 and 1963. The individual mineralised horizons are generally strata-bound in character and can persist over strike lengths of up to 3 km. The Mineral Resources defined to date at the project are long shallow, gently dipping deposits amenable to open pit mining.

The Renner Springs Project area is located approximately 60 km northwest of the Bootu Creek

MINING OPERATIONS REVIEW

Mine site covering an extensive dolomite-siltstone sequence which hosts several shallow dipping and flat lying manganese occurrences.

The Helen Springs Project is located approximately 30km north of the Bootu Creek Mine site and is a northern extension of the Bootu and Attack Creek formations, which host the Bootu Creek Mine manganese deposits.

Mining at the Bootu Creek Mine is carried out using a conventional open cut method of mining, blasting and excavation using hydraulic excavators and dump trucks.

The Bootu Creek Mine processing plant is a relatively simple crushing and screening operation, followed by heavy media separation to concentrate the manganese minerals. The plant comprises two separately built processing plants; the original primary processing plant ("PPP") commissioned in 2006 processes the ROM ore while the secondary processing plant ("SPP") commissioned in December 2009 abuts the PPP and selectively processes drum plant material requiring re-processing from the PPP and drum plant material requiring secondary processing which has been stockpiled.

The PPP was designed to produce a nominal 550,000 tonnes per year of product, comprising about 420,000 tonnes of lump and about 130,000 tonnes of fines. Numerous capital upgrading and improvements increased its production capacity to approximately 750,000 tonnes of

product. With the commissioning of the SPP in 2009, the combined production capacity from the two plants is currently 1 million tonnes per annum.

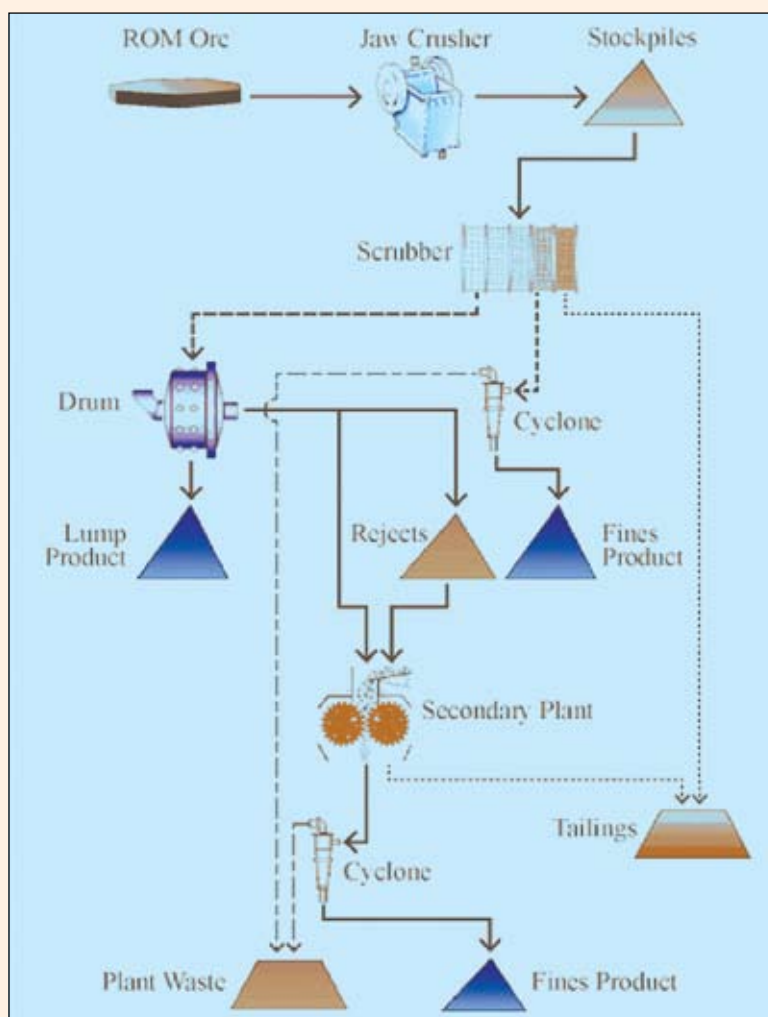
Manganese product produced on the mine site is transported 60 kilometres to the Muckaty Rail Siding on a sealed private road and then approximately 800km to the Port of Darwin utilising the Alice Springs to Darwin rail line. Further lay down of manganese product is done at the rail head at

the Port of Darwin and eventually the product is transported to the port shiploader and loaded onto vessels for shipping to overseas markets.

OPERATIONS

For the year ended 31 December 2010, OMM achieved record production of 831,361 tonnes of manganese product at an average grade of 36.74% Mn, representing a significant improvement in production of 28% over the previous year.

The processing of manganese ore into product is described diagrammatically below:



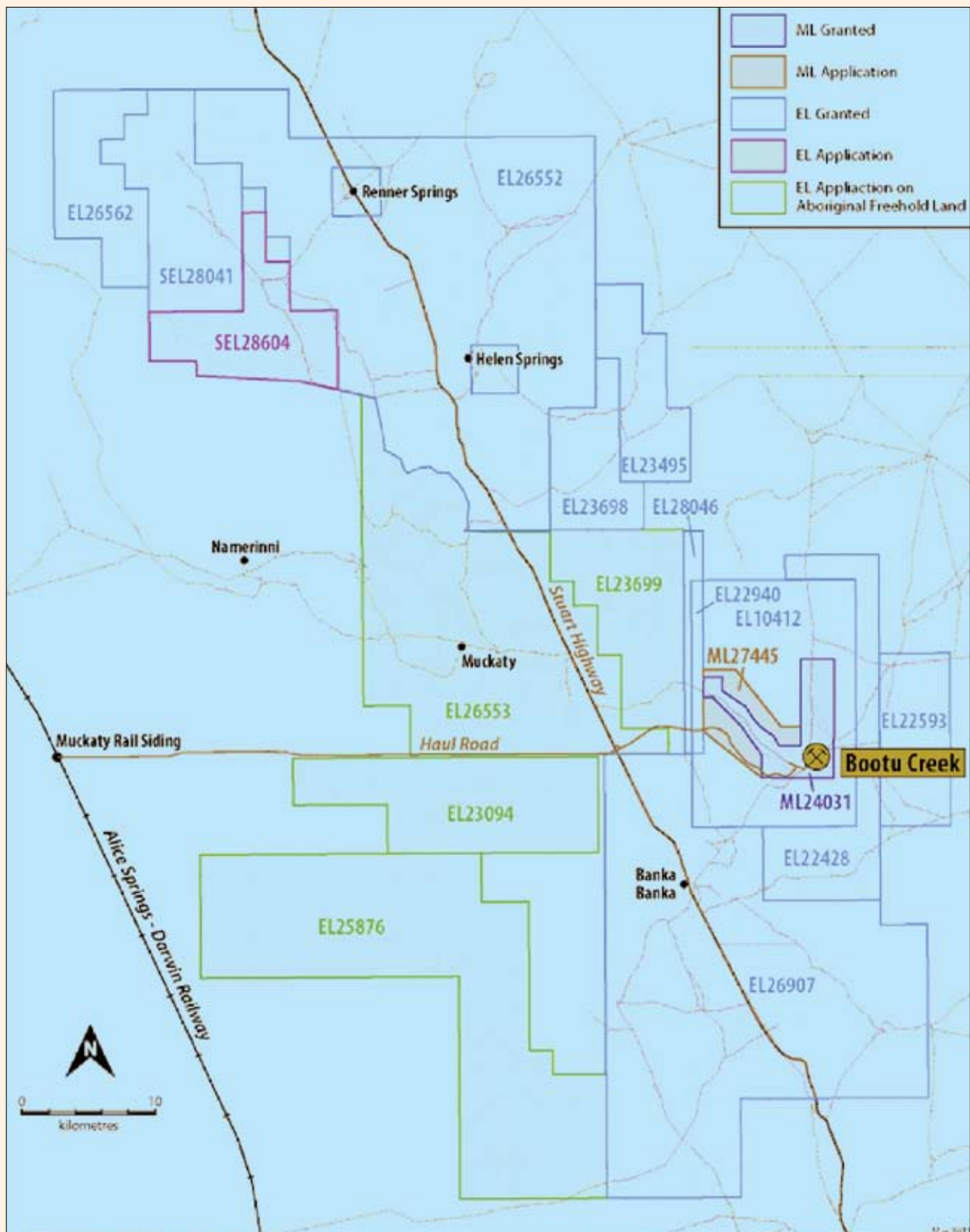
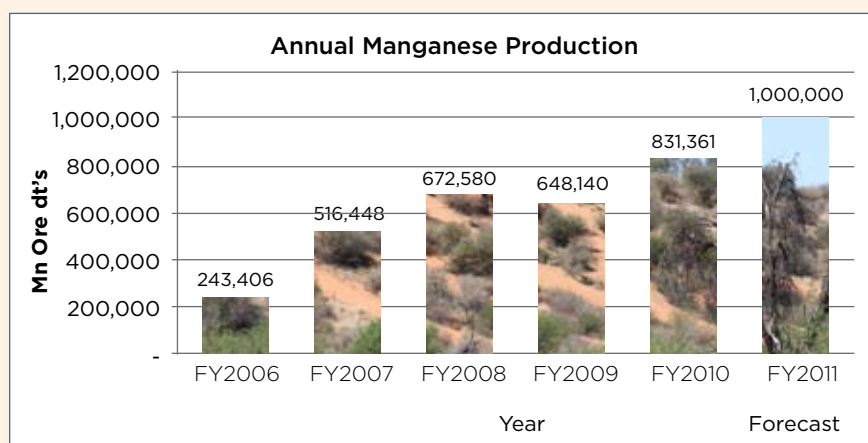


Figure 2. Bootu Creek Project Tenement Holdings

MINING OPERATIONS REVIEW

Table 1. Bootu Creek Mine Operations – Production

Table 1. Bootu Creek Mine Operations – Production		Years ended 31 December		
		Unit	Year 2010	Year 2009
Mining				
Total Material Mined	bcms	11,645,873	11,389,400	9,146,673
Ore Mined - tonnes	dt's	2,080,168	1,824,489	2,018,023
Ore Mined - Mn grade	%	22.48	23.08	24.44
Production				
Lump - tonnes	dt's	537,759	502,002	509,502
Lump - Mn grade	%	36.33	38.03	41.77
Fines - tonnes	dt's	155,817	128,740	163,078
Fines - Mn grade	%	38.76	42.32	42.25
SPP Fines - tonnes	dt's	137,785	17,398	-
SPP Fines - Mn grade	%	36.05	36.86	-
Total Production - Tonnes	dt's	831,361	648,140	672,580
Total Production - Mn Grade	%	36.74	38.85	41.89
Sales				
Lump - tonnes	dt's	521,374	598,271	396,692
Lump - Mn grade	%	37.09	39.15	42.14
Fines - tonnes	dt's	75,513	148,792	124,753
Fines - Mn grade	%	39.99	42.68	42.23
SPP Fines - tonnes	dt's	146,590	-	-
SPP Fines - Mn grade	%	37.15	-	-
Total Sales - Tonnes	dt's	743,477	747,063	521,445
Total Sales - Mn Grade	%	37.40	39.85	42.17



Mining

Mining activities during the year focused on advancing the Chugga South and Chugga North pits, Tourag 2 and Tourag 3 pits and commencing development on the development of the higher grade Shekuma Pit cutback.

In line with increased production targets, mining activity also increased in 2010 with 11.65 million bank cubic metres (“bcm”) material movement for the calendar year.

A revised Life of Mine Plan was completed in the second quarter of the 2009 year following the optimisation of the substantially extended Geological Model and increases in the Mineral Resource inventory followed the highly successful 2008 exploration



Secondary Processing Plant Product

program. The focus of the mine plan for 2010 continued to centre on cost reduction, run of mine (“ROM”) ore stockpile increases and mine optimisation centred around grade, yield and recovery.

Processing

For the year ended 31 December 2010, OMM achieved record production of 831,361 tonnes of manganese product at an average grade of 36.74% Mn, representing a significant improvement in production of 28% over the previous year. Systematic improvements in plant utilisation rates and throughput rates have demonstrated a plant production capacity well above 930,000 tonnes based on annualised production of 232,925 tonnes for the fourth quarter of 2010 or a plant production capacity above 1 million tonnes per annum based on the annualised record production month of September 2010 of 86,867 tonnes.

Improved plant availability rates in 2010 allowed for extended periods of plant uptime and operating efficiencies which have translated to record scrubber feed rates

for the year. Further operational initiatives targeting the efficient management of the mining contractor, optimisation of mine planning schedules including the prioritising of high grade ores and accelerating pre-strip activities to access higher grade ores, have all further improved higher grade ore access which has allowed higher grade ores to be stockpiled and then blended through the plant, optimising throughput rates, mass yields and metal recoveries.

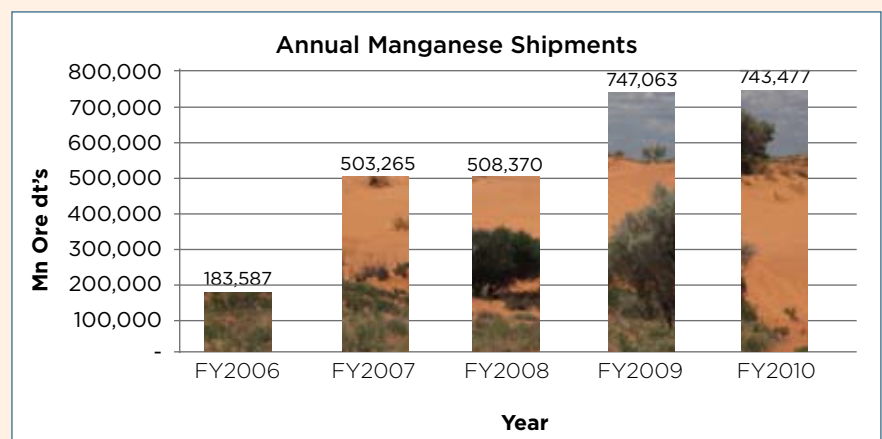
The new production strategy implemented in mid 2009 to maximise product yield and metal recovery performance from each variation in ore grade and quality while maintaining a high value-in-use product for customers, with

manganese product grades ranging from 35% Mn to 38% Mn continued to be followed by OMM in 2010. The flexible production output aims to maximise product yield and metal recovery performance from each variation in ore grade and quality while maintaining a high value-in-use product for customers in order to achieve step changes in capacity, yield, recovery, ROM and cost performance.

Logistics and Sales

During the 2010 calendar year a total of 743,477 dry tonnes was exported through the Port of Darwin.

Extension work to the rail siding at the Muckaty Rail Siding was



MINING OPERATIONS REVIEW

Table 2. Bootu Creek Mine – Comparison of Mineral Resource and Ore Reserve position as at 31 December 2010 with 31 December 2009

	31 December 2010		31 December 2009		Change
	M tonnes	% Mn	M tonnes	% Mn	M tonnes
Mineral Resource	32.5	22.6	32.9	23.1	-0.4
Ore Reserve	21.5	21.0	20.5	21.4	+1.0

completed during the December 2009 quarter streamlining the rail loading process in 2010. This coupled with the implementation of a third locomotive has increased logistics capacity to above 1 million tonnes per annum.

Mining Operational Objectives for 2011

The Bootu Creek Mine's operating strategy for 2011 is focused on ensuring maximum production flexibility and optionality in line with the production strategy implemented in 2009.

The additional production capability from the secondary processing plant is expected to enable production to reach an annualised rate of 1,000,000 tonnes in 2011.

OMM also considers it can significantly value add to its production in 2011 by implementing a number of further operational objectives. These measures include efficient management of its mining contractor, optimising mine planning including prioritising processing of high grade ore, accelerated pre-strip activities, introducing further improvements to the processing plant and implementing further operating cost reduction strategies.

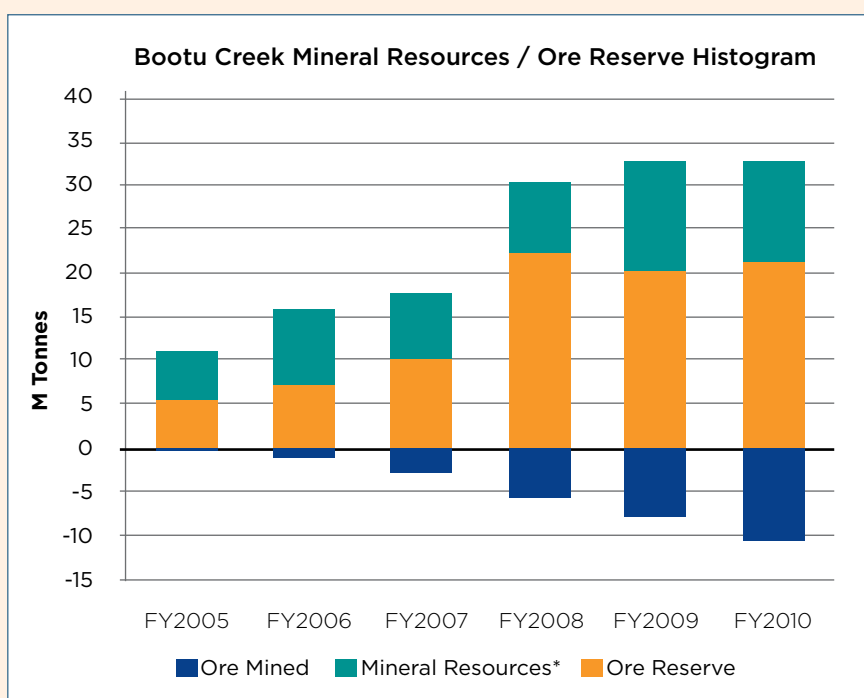
Exploration

The Bootu Creek Mine's 2010 exploration program objectives were the replacement of material planned to be mined in 2010 with appropriately targeted infill and extensional exploration activities within a budget of A\$2 million.

The total Mineral Resource as at 31 December 2010 was 32.5 million tonnes at an average grade of 22.6% Mn and allowed for the replacement of 2.5 million tonnes mined during the 2010 year and maintains the historically low exploration finding cost of approximately A\$1/ tonne of resource.

Despite a reduced exploration budget of A\$2 million and a 2010 actual mine production of 2.5 million tonnes at 21.6% Mn, Mineral Resource delineation drilling successfully replaced 85% of the depleted Mineral Resources and, together with an improved mine recovery factor, achieved an increase in the Ore Reserve position of 1 million tonnes. Exploration activity continued to demonstrate economic value and to provide future potential for OMM to continue growing its Mineral Resource base.

Table 3. Histogram of Mineral Resource and Ore Reserve growth since commencement of mine production in 2005



* Mineral Resource is inclusive of Ore Reserve

31 December 2010 - Mineral Resource Update:

The most significant changes to the 31 December 2010 Bootu Creek Mine Mineral Resource estimate when compared to 31 December 2009 were:

- A 950 metre southeast strike extension of the Yaka deposit.
- Down dip and strike extension of Chugga South and Chugga North deposits.

- Increased ROM (Run of Mine) and SPP ore stocks.

Mineral Resource models for Chugga South, Chugga North, Masai, Shekuma, Tourag and Yaka were remodelled and estimated by resource consultants Optiro Pty Ltd ("Optiro"). Gogo and Zulu deposit models remained unchanged from December 2009, other than depletion by mining at Zulu. Mineral Resources were estimated using a nominal cut-off grade of 15% Mn.

11,079 metres of RC Mineral Resource delineation (160 holes) were drilled at Chugga North, Chugga South, Masai, Tourag and Yaka deposits during 2010. This infill and extension drilling increased Mineral Resource confidence and extended existing Mineral Resource models. The Yaka deposit was extended 950m to the southeast and incremental extensions were added north of Chugga North and down dip of Chugga South.

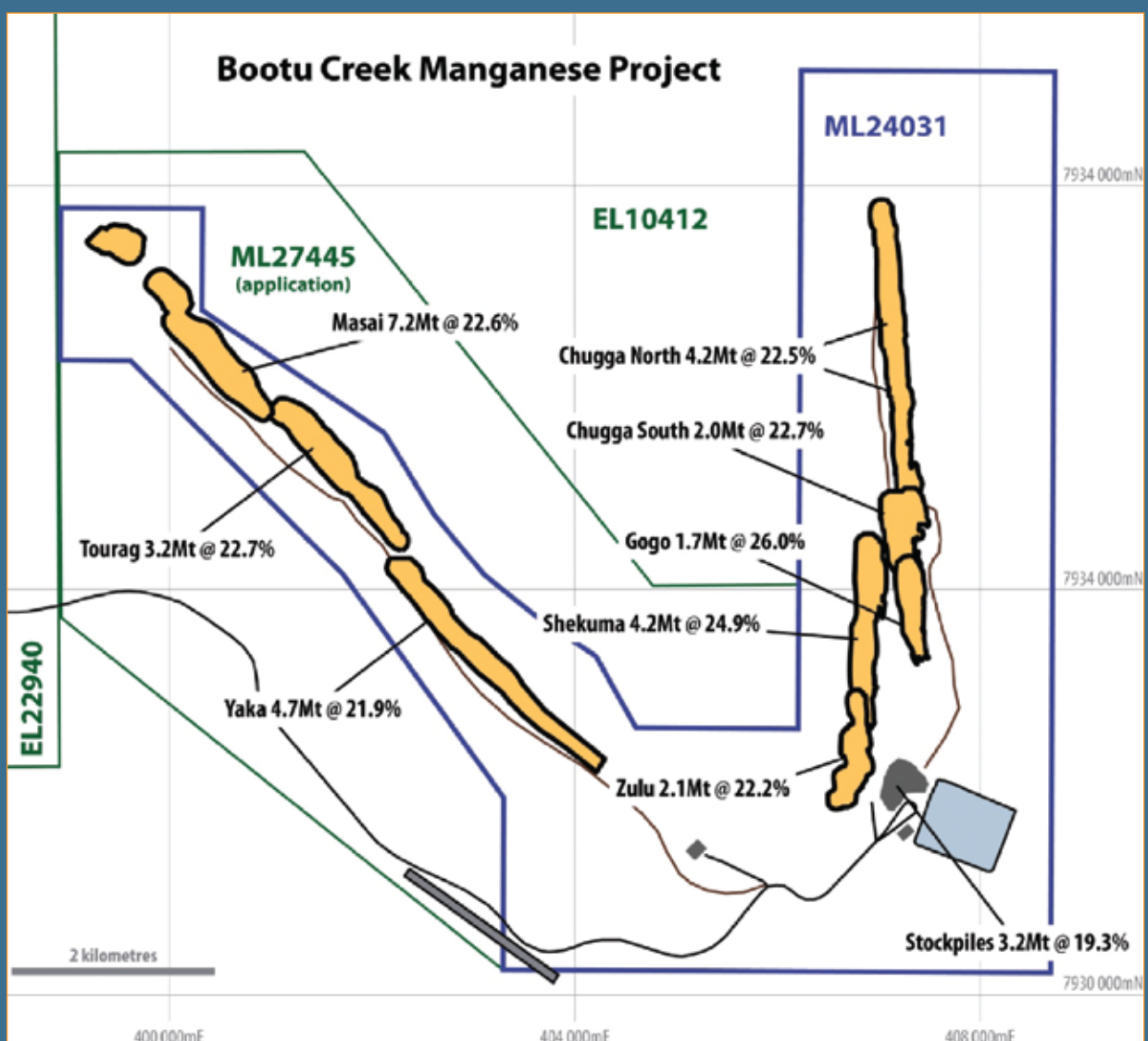


Figure 3: Location Plan of Bootu Creek Mine Mineral Resources

MINING OPERATIONS REVIEW

Measured Mineral Resources were more conservatively modelled than in previous years and have been restricted to material within a 15 meter vertical extent of pit floors at the end of 2010 or drilled on maximum 25m spaced drill sections. Indicated Mineral Resources are generally based on 50m spaced drill sections.

OMM further constrained Mineral Resource models estimated by Optiro and Hellman & Schofield Pty Ltd by applying individual optimised Whittle pit shells calculated at a price of A\$10.77 (FOB Darwin) and utilising updated mining, processing and sales parameters. The manganese ore body dips average around 30° (range between 15° and 45°) and dips to the west on the eastern fold limb deposits and to the northeast on the western fold limb deposits. All Bootu Creek Mine Mineral Resource models are located on Mineral Lease 24031.

31 December 2010 – Ore Reserve Update:

The 31 December 2010 Bootu Creek Ore Reserve replaced ore depleted by mining in 2010 and added an additional 1 million tonnes of Ore Reserve for a new total of 21.5 million tonnes at 21.0% Mn. The Bootu Creek Mine 31 December 2010 Ore Reserve estimate was based on the optimised Base Case pit shells for Measured and Indicated Mineral Resources. The Base Case was set for a revised price modelled at US\$6.09/dmtu (A\$6.41/dmtu at AUD:USD 0.95 exchange rate) FOB Darwin for a High Grade (“HG”) lump product of 42% Mn.

The various products were discounted off the reference HG lump price and adjusted for the budgeted percentage for each product category. The weighted average discount was 15.6%.

Additions to the 31 December 2010 Ore Reserve resulted from modelled Mineral Resource extensions at Yaka, Chugga South and Chugga North, and from a revised mine recovery factor of 100% (previously 95%) for tonnes mined from the Mineral Resource models. The improved mine recovery factor was derived from analysis of the 2010 mine production reconciliation. The grade dilution factor of 90% remained unchanged from that used in the 31 December 2009 Ore Reserve calculation.

The Proved Ore Reserve is limited to the Measured Resources contained within the optimised Base Case pit shells. Measured Resources have been more conservatively modelled than in previous years and have been restricted to material within a 15 metre vertical extent of pit floors at the end of 2010 or drilled on maximum 25m spaced drill sections.

Table 4: Bootu Creek Mine – Mineral Resource Summary as at 31 December 2010

At 15% Mn cutoff	Measured		Indicated		Inferred		Combined*	
Deposit:	Mt	%Mn	Mt	%Mn	Mt	%Mn	Mt	%Mn
Chugga North	0.8	22.7	3.4	22.4	0.0	22.8	4.2	22.5
Chugga South	0.4	23.7	1.6	22.4	0.0	0.0	2.0	22.7
Gogo	0.3	25.4	1.3	26.0	0.2	26.8	1.7	26.0
Masai	0.0	0.0	7.2	22.6	0.0	0.0	7.2	22.6
Shekuma	0.9	25.4	3.3	24.8	0.1	22.4	4.2	24.9
Tourag	0.7	24.4	2.5	22.3	0.0	0.0	3.2	22.7
Yaka	0.0	0.0	4.7	21.9	0.0	0.0	4.7	21.9
Zulu	0.8	22.5	1.1	22.0	0.2	22.4	2.1	22.2
Insitu Resource*	3.8	23.9	25.0	22.8	0.5	24.1	29.3	23.0
ROM Stocks	1.0	17.3					1.0	17.3
SPP Stocks	2.2	20.2					2.2	20.2
Total Resource*	7.0	21.8	25.0	22.8	0.5	24.1	32.5	22.6

* Rounding may give rise to unit discrepancies in this table

Table 5. Bootu Creek Mine – Ore Reserve Summary as at 31 December 2010

At 15% Mn cutoff	Proved		Probable		Combined*	
Deposit:	Mt	%Mn	Mt	%Mn	Mt	%Mn
Chugga North	0.6	20.7	1.6	20.6	2.2	20.6
Chugga South	0.3	21.6	0.8	20.7	1.1	20.9
Gogo	0.3	22.6	1.0	23.2	1.3	23.1
Masai	0.0	0.0	4.9	20.7	4.9	20.7
Shekuma	0.9	22.9	2.3	22.8	3.2	22.8
Tourag	0.7	22.0	1.2	21.0	1.9	21.4
Yaka	0.0	0.0	2.3	20.5	2.3	20.5
Zulu	0.7	20.3	0.7	19.9	1.5	20.1
Insitu Reserve*	3.5	21.7	14.8	21.2	18.3	21.3
ROM Stocks	1.0	17.3			1.0	17.3
SPP Stocks	2.2	20.2			2.2	20.2
Total Reserve*	6.7	20.5	14.8	21.2	21.5	21.0

* Rounding may give rise to unit discrepancies in this table

The Probable Ore Reserve is limited to the Indicated Resources contained within the optimised Base Case pit shells. Indicated Resources are generally based on 50m spaced drill sections.

Exploration Objectives for 2011

OMM has committed an initial A\$3 million budget for 2011 and plans to pursue an aggressive exploration program across its tenements in the Northern Territory during 2011. The main objectives will be to:

- Replace the 2.5 million tonnes of Mineral Resource scheduled for mining and processing at the Bootu Creek Mine in 2011;
- Identify, interpret and delineate potential manganese Mineral Resources at both Renner Springs and Helen Springs project areas.

An initial IP geophysical program is planned to explore Bootu Creek, Renner Springs and Helen Springs investigating deposit outlines and testing for potential deposit extensions and offset positions.

A follow up program of 25,000 metres of RC drilling and 1,200 metres of diamond drilling is planned to replace depleted manganese Mineral Resources at Bootu Creek, and to identify and delineate new Inferred Mineral Resources at both Renner Springs and Helen Springs.

A further 3,000m of RC drilling is also planned to pursue copper exploration and assessments at Bootu Creek.

Resource Estimation Details:

The 31 December 2010 Mineral Resource estimates were completed by resource consultants Optiro Pty Ltd for Chugga North, Chugga South, Masai, Shekuma, Tourag, Yaka and Zulu deposits and were based on data and a geological interpretation supplied by OMM. Those models were subsequently further constrained by OMM post Whittle optimisation of the Mineral Resource models for each of the deposits.

The Mineral Resource for Gogo and Zulu was previously estimated by Hellman & Schofield Pty Ltd ("H&S") for 31 December 2009 and remain unchanged other than allowing for depletion by mining and Whittle re-optimisation for 31 December 2010.

MINING OPERATIONS REVIEW

Grades were estimated using Ordinary Kriging (Optiro) or 3D Ordinary Kriging (H&S) with searches aligned parallel to the strike and dip of the mineralisation. Bulk density was calculated by individual deposit regression equations supplied by OMM.

The location, quantity and distribution of the current data was sufficient to allow the classification of Measured, Indicated and Inferred Mineral Resources. Search distances were consistent with previous work by resource consultants to OMM.

The information in this report which relates to Mineral Resources and Ore Reserves is based on information compiled by Mr Craig Reddell and Mark Laing, both full time employees of OM (Manganese) Ltd and who are Members of the Australasian Institute of Mining and Metallurgy, and modelled by Mr Mark Drabble, a full time employee of Optiro Pty Ltd and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Reddell, Mr Laing and Mr Drabble have sufficient

experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Reddell, Mr Laing and Mr Drabble consent to the reporting of this information in the form and context in which it appears.



Highlights

- Annual production of 36,732 tonnes of HCFeMn, representing a 12% increase over the previous year, despite the power supply restrictions during the December 2010 quarter.
- Annual production of 103,650 tonnes of sinter ore, with the commissioning of the 300,000 tonne per annum sinter ore plant in March 2010.
- Furnace 101 registered its longest ever continuous uninterrupted operating period of 266 days, which would have been longer if not for the mandatory stoppage imposed as a result of the power supply restrictions.
- Completed the technical modifications and upgrading on Furnace 101 and re-commenced production in January 2011. Upgraded furnace is expected to operate continuously for 2 years without the need for intermittent re-lining.
- A new accommodation building completed in 2010 to improve workers' living conditions.
- Obtained ISO 9001:2008 certification in January 2011.

OVERVIEW AND UPDATE IN 2010

The ferroalloy processing segment includes the operations of OM Materials (Qinzhou) Co Ltd's ("OMQ") smelter and sinter ore plant located in Qinzhou, and Guizhou Jaihe Weiye Smelter Co. Ltd's ("GJW") smelter in Guiyang. The Group holds an effective interest of 52.5% in GJW pursuant to its acquisition in the March 2010 quarter. GJW's smelter is undergoing upgrading and is expected to commence production in the March 2011 quarter.

Qinzhou is in a pivotal region for ferro alloy smelters and ore distribution throughout China. The OMQ plant is adjacent to a port operation, and has excellent transport logistics and access

to power at competitive rates. The plant has the capacity to produce alloys at a rate of 60,000 tonnes per annum. During 2010, OMQ commissioned the largest manganese sinter ore plant in China, designed to produce 300,000 tonnes of sintered ores annually. OMQ's sintering plant adds value to the Bootu Creek Mine manganese ore fines, which are able to be processed into higher value manganese sinter ores.

OMQ's smelter plant encompasses two sets of 16.5MVA furnaces and one 3.5 MVA furnace, and the sinter plant has a design annual production capacity of 300,000 tonnes of sinter ores. This plant is fully automated and equipped with technology that enables it to collect carbon monoxide gases emitted from the smelter furnaces which can be utilised as the firing gases for both the rotary kiln and the production of sinter.

GJW's smelter plant encompasses two 6.3MVA furnaces with an annual production capacity of approximately 18,000 tonnes of alloys.

Table 6. OMQ - Production

		Years ended 31 December		
	Unit	Year 2010	Year 2009	Year 2008
Production				
HCFeMn alloy	tonnes	36,732	32,679	45,511
Sinter ore	tonnes	103,650	-	-

MARKETING AND TRADING OPERATIONS REVIEW

Highlights

- Annual shipments of 776,680 wet tonnes of OMM manganese ore product and 233,243 wet tonnes of third party manganese ore product. 2010 sales performance reflected the strong demand for the Bootu Creek Mine's direct-feed siliceous oxide ore from Chinese smelters, strategically well-placed distribution network, multi-faceted sales strategies, depth of customer relationships and value-in-use appropriate pricing outcomes.
- Exclusive marketing agency agreement signed with a wholly-owned subsidiary of NFE. OMS appointed as the sole and exclusive provider of marketing services in the Asian market.

OVERVIEW AND UPDATE IN 2010

OMS is the primary marketing and trading arm of the Group and has developed a successful and profitable manganese, iron and chrome ore and alloys trading

business that represents a significant market share of ore imports into China, and sales of alloys to steel mills. It has a highly skilled and experienced team of marketing professionals located in Singapore, Shanghai and Qinzhou and trades with a broad customer portfolio consisting of large, medium and small sized Chinese smelters and steel companies.

OMS focuses on the marketing of OMM manganese ore products to China, procurement of manganese ore for production and trading third party manganese ores, manganese alloys, and iron and chrome ores sourced from outside the Group. OMS is supported by its PRC distribution arms, OMQT and OMA, which focuses on the southern and northern China regions, respectively.

During the December 2010 quarter, OMS shipped 220,211 wet tones of



Loading at the Port of Darwin

iron ore concentrate for Northern Iron Limited (ASX code: NFE) under the short term marketing agreement. In January 2011, OMS successfully concluded a five year exclusive marketing agency agreement with the wholly-owned subsidiary of NFE. Under the agreement, OMS was appointed as the sole and exclusive provider of marketing services in the Asian market.

OMS also executed an exclusive sales and marketing agency agreement with IronClad Mining Limited (ASX Code: IFE), which covers the first two years of production from IFE's Wilcherry Hill Project located in South Australia.



The Directors submit this report to the members together with the audited consolidated financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 14 to the financial statements.

Results and Appropriation

The results of the Group for the year ended 31 December 2010 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 39 to 93.

Share Capital

Details of the movements in the share capital of the Company are set out in Note 20.

Reserves

Details of the movements in the reserves of the Group and the Company during the year are set out in Consolidated Statement of Changes in Equity and Note 22 to the financial statements respectively.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group are set out in Note 7 to the financial statements.

Interest in Subsidiaries

Details of the Company's interests in subsidiaries are set out in Note 14 to the financial statements respectively.

Names of Directors

The Directors in office at the date of this report are:

Low Ngee Tong (Executive Chairman)
 Peter Ivan Toth (Chief Executive Officer)
 Julie Anne Wolseley (Non-Executive Director and Joint Company Secretary)
 Tan Peng Chin (Independent Non-Executive Director)
 Wong Fong Fui (Independent Non-Executive Director)
 Thomas Teo Liang Huat (Independent Non-Executive Director)

In accordance with clause 88(1) of the Company's Bye-laws, one-third of the Directors (excluding the Chief Executive Officer) retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT

Directors' Interests in Share Capital

As at 31 December 2010, the interests of the Directors in the share capital of the Company were as follows:

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	As at 1.1.2010	As at 31.12.2010	As at 1.1.2010	As at 31.12.2010
<u>The Company</u>	<u>Number of ordinary shares fully paid</u>			
Low Ngee Tong	13,000,000	14,750,000	⁽¹⁾ 36,395,000	⁽¹⁾ 36,395,000
	⁽²⁾ 750,000	-	-	-
Peter Ivan Toth	⁽³⁾ 250,000	⁽³⁾ 4,250,000	-	-
Julie Anne Wolseley	5,562,002	5,562,002	-	-

Note:

- (1) These shares are held directly by a company named Ramley International Limited which is wholly owned by Mr Low Ngee Tong.
- (2) These share were held by DBS Vickers Securities (Singapore) Pte Ltd on behalf of Mr Low Ngee Tong.
- (3) These shares are held by National Nominees Limited on behalf of Mr Peter Ivan Toth.

Unissued Shares under Option

The unissued shares under option at the end of the financial year are as follows:

OM Holdings Limited							
Unlisted Options (in '000)							
Date options granted	Balance at 1.1.2010	Lapsed/ expired during the year	Exercised during the year	Balance at 31.12.2010	A\$ Exercise price per option	No. of options holders at 31.12.2010	Period exercisable
01.06.2007	550	-	(550)	-	0.30	-	31.05.2008 - 31.05.2010
01.06.2007	870	-	(850)	20	0.30	1	31.05.2008 - 31.05.2011
02.07.2007	750	-	(750)	-	0.365	-	02.07.2007 - 30.06.2010
20.05.2008	500	-	-	500	0.72	1	20.05.2008 - 31.03.2011
20.05.2008	500	-	-	500	0.72	1	14.03.2009 - 31.03.2011
17.10.2008	4,000	-	(4,000)	-	1.405	-	17.10.2008 - 30.09.2010
17.10.2008	4,000	-	-	4,000	1.52	1	03.09.2009 - 03.09.2011
17.10.2008	4,000	-	-	4,000	1.64	1	03.09.2010 - 03.09.2012
17.10.2008	4,000	-	-	4,000	1.755	1	03.09.2011 - 03.09.2013
17.10.2008	4,000	-	-	4,000	1.87	1	03.09.2012 - 03.09.2014
17.10.2008	4,000	(4,000)	-	-	2.49	-	17.10.2008 - 31.10.2010
17.10.2008	2,000	-	-	2,000	2.49	1	01.01.2009 - 01.01.2011
17.10.2008	2,000	-	-	2,000	2.49	1	01.01.2010 - 01.01.2012
17.10.2008	2,000	-	-	2,000	2.49	1	01.01.2011 - 01.01.2013
17.10.2008	2,000	-	-	2,000	2.49	1	01.01.2012 - 01.01.2014
17.10.2008	2,000	-	-	2,000	2.49	1	01.01.2013 - 01.01.2015
17.10.2008	3,700	(700)	-	3,000	2.49	15	01.01.2009 - 01.01.2012
17.10.2008	3,700	(700)	-	3,000	2.49	15	01.01.2011 - 01.01.2013
17.10.2008	3,000	-	(3,000)	-	1.405	-	17.10.2008 - 01.08.2010
17.10.2008	3,000	-	(3,000)	-	1.52	-	01.08.2009 - 01.08.2011
17.10.2008	2,000	(2,000)	-	-	1.64	-	01.08.2010 - 01.08.2012
17.10.2008	2,000	(2,000)	-	-	1.755	-	01.08.2011 - 01.08.2013
17.10.2008	2,000	(2,000)	-	-	1.87	-	01.08.2012 - 01.08.2014
17.10.2008	1,000	-	-	1,000	2.58	1	17.10.2008 - 31.08.2011
	57,570	(11,400)	(12,150)	34,020			

There were no unissued shares of subsidiaries under option at 31 December 2010.

Since balance date, 2 million unlisted options exercisable at A\$2.49 each expired on 1 January 2011.

Mr Peter Ivan Toth, Mr Tan Peng Chin, and Mr Wong Fong Fui are interested in 16 million, 1 million and 1 million options respectively at the end of the financial year.

Audit Committee

The audit committee comprises the following members:

Thomas Teo Liang Huat (Chairman)
Julie Anne Wolseley

The audit committee is responsible for reviewing the half-yearly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board of Directors.

DIRECTORS' REPORT

Audit Committee

The committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer to attend its meetings.

The committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Foo Kon Tan Grant Thornton LLP, be nominated for re-appointment as auditors of the Company at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, Foo Kon Tan Grant Thornton LLP, Certified Public Accountants, has expressed its willingness to accept the re-appointment.

On behalf of the Directors



LOW NGEE TONG



PETER IVAN TOTH

Dated: 18 March 2011

STATEMENT BY DIRECTORS

for the financial year ended 31 December 2010

In the opinion of the Directors, the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of financial position of the Company and of the Group as at 31 December 2010 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors



LOW NGEE TONG



PETER IVAN TOTH

Dated: 18 March 2011

INDEPENDENT AUDITORS' REPORT

to the members of OM Holdings Limited

We have audited the accompanying financial statements of OM Holdings Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are presented fairly, in all material respects, the financial position of the Group and the Company as at 31 December 2010, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

Henry Lim
Partner in charge of the audit
Date of appointment: Financial year commencing 1 January 2006

Singapore, 18 March 2011

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2010

		The Company		The Group	
		31 December 2010	31 December 2009	31 December 2010	31 December 2009
		A\$'000	A\$'000	A\$'000	A\$'000
	Notes				
Assets	资产				
Non-Current	非流动资产				
Property, plant and equipment	地产, 工厂及配备	7	-	88,613	90,469
Prepaid lease payments on land use rights	土地使用权	8	-	1,276	1,092
Long-term prepayments	长期预付款	9	-	511	603
Exploration and evaluation costs	开发成本	10	-	-	-
Mine development costs	矿山发展成本	11	-	19,511	20,746
Goodwill	商誉	12	-	2,065	2,065
Available-for-sale financial assets	可出售金融资产	13	96,448	10,457	96,448
Interests in subsidiaries	子公司的权益	14	117,564	109,491	-
Interest in an associate	於联营公司之投资	15	-	68,505	-
			214,012	119,948	276,929
					125,432
Current	流动资产				
Inventories	库存	17	-	156,331	84,423
Derivative financial assets	衍生金融资产	26	367	-	367
Trade and other receivables	贸易与其它应收帐款	18	74,378	18,339	31,396
Prepayments	预付款		46	226	2,183
Cash collateral	当抵押品的银行结存	19	-	-	26,050
Cash and cash equivalents	现金及银行结存	19	5,311	46,582	16,070
			80,102	65,147	232,397
					197,849
Total assets	总资产		294,114	185,095	509,326
					323,281
Equity	权益				
Capital and Reserves	股票资本及储备金				
Share capital	股票资本	20	25,155	24,547	25,155
Treasury shares	库存股	21	(2,330)	(1,006)	(2,330)
Reserves	储备金	22	225,168	160,709	300,579
			247,993	184,250	323,404
					265,197
Non-controlling interests	少数股东权益		-	-	2,499
					498
Total equity	总权益		247,993	184,250	325,903
					265,695
Liabilities	负债				
Non-Current	非流动负债				
Borrowings	借贷	23	-	-	43,097
Provisions	准备金	24	-	-	3,592
Deferred tax liabilities	递延所得税负债	16	-	-	1,254
			-	-	47,943
					8,082
Current	流动负债				
Trade and other payables	贸易与其它应付帐款	25	46,121	845	78,278
Derivative financial liabilities	衍生金融负债	26	-	-	375
Borrowings	短期借贷	23	-	-	49,179
Income tax payables	应付税项		-	-	7,648
			46,121	845	135,480
					49,504
Total equity and liabilities	总权益及负债		294,114	185,095	509,326
					323,281

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2010

		Notes	Year ended 31 December 2010 A\$'000	Year ended 31 December 2009 A\$'000
Revenue	销售总额	27	307,463	280,335
Cost of sales	销售成本		(190,072)	(167,510)
Gross profit	毛盈利		117,391	112,825
Other income	其他收入	27	17,139	3,337
Distribution costs	分销开支		(35,557)	(26,604)
Administrative expenses	行政开支		(11,643)	(10,765)
Other operating expenses	其他营运开支		(29,387)	(50,091)
Finance costs	财务费用		(2,583)	(405)
Profit from operations	营运盈利	28	55,360	28,297
Share of results of associate	应佔联营公司亏损— 净额		(37)	-
Profit before income tax	除稅前盈利		55,323	28,297
Income tax	所得稅	29	(6,572)	(1,267)
Profit for the year	本年度盈利		48,751	27,030
Other comprehensive income, net of tax:	其他全面收入，扣除稅項			
Fair value changes on derivative financial instruments	资产工具之公允价值变动		-	(86)
Fair value changes on derivative financial instruments reclassified to profit and loss	资产工具之公允价值变动转入损益		-	14,754
Deferred tax liability on fair value changes	递延所得稅負債之公允价值变动		-	(4,401)
			-	10,267
Fair value changes on available-for-sale financial assets	可供出售投资之公允价值变动		13,337	2,615
Exchange differences on translation of financial statement of foreign operations	折算海外业务之汇兑差额		(8,862)	(23,660)
Other comprehensive income for the year, net of tax	年内其他全面收益，扣除稅項		4,475	(10,778)
Total comprehensive income for the year	年内全面收益总额		53,226	16,252
Profit attributable to:	盈利分配:			
Owners of the Company	本公司股权持有人		47,215	26,933
Non-controlling interests	少数股东权益		1,536	97
			48,751	27,030
Total comprehensive income attributable to:	全面收益总额分配:			
Owners of the Company	本公司股权持有人		51,690	16,155
Non-controlling interests	少数股东权益		1,536	97
			53,226	16,252
Earnings per share attributable to owners of the Company during the year	本公司本年度股权持有人应佔每股盈利		Cents	Cents
- Basic	基本	31	9.58	5.59
- Diluted	摊簿	31	9.23	5.32

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2010

	Share capital	Share premium	Treasury shares	Non- distributable reserve	Capital reserve	Share option reserve	Fair value reserve	Exchange fluctuation reserve	Retained profits	Total attributable to equity holders of the parent	Non- controlling interests	Total equity
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Balance at 1 January 2010	24,547	87,575	(1,006)	2,275	637	22,278	243	(8,822)	137,470	265,197	498	265,695
Total comprehensive income for the year	-	-	-	-	-	-	13,337	(8,862)	47,215	51,690	1,536	53,226
Purchase of treasury shares	-	-	(1,324)	-	-	-	-	-	-	(1,324)	-	(1,324)
Share options exercised (Note 33)	608	14,482	-	-	-	-	-	-	-	15,090	-	15,090
Share premium arising from share options exercised	-	14,093	-	-	-	(14,093)	-	-	-	-	-	-
Value for employee services received for grant of share options	-	-	-	-	-	8,433	-	-	-	8,433	-	8,433
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	465	465
Reversal of non-distributable reserve arising from de-registration of a subsidiary	-	-	-	(1,332)	(627)	-	-	-	-	(1,959)	-	(1,959)
Transfer to statutory reserve	-	-	-	2,749	-	-	-	-	(2,749)	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	-	-	-	(13,723)	(13,723)	-	(13,723)
Balance at 31 December 2010	25,155	116,150	(2,330)	3,692	10	16,618	13,580	(17,684)	168,213	323,404	2,499	325,903
Balance at 1 January 2009	23,879	76,850	(1,006)	2,275	637	18,266	(12,639)	14,838	125,078	248,178	2,552	250,730
Total comprehensive income for the year	-	-	-	-	-	-	12,882	(23,660)	26,933	16,155	97	16,252
Share options exercised (Note 33)	668	3,322	-	-	-	-	-	-	-	3,990	-	3,990
Share premium arising from share options exercised	-	7,403	-	-	-	(7,403)	-	-	-	-	-	-
Value for employee services received for grant of share options	-	-	-	-	-	11,415	-	-	-	11,415	-	11,415
Elimination of minority interest arising from disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	(2,552)	(2,552)
Capital injection from minority interest due to incorporation of subsidiary	-	-	-	-	-	-	-	-	-	-	401	401
Dividend paid (Note 30)	-	-	-	-	-	-	-	-	(14,541)	(14,541)	-	(14,541)
Balance at 31 December 2009	24,547	87,575	(1,006)	2,275	637	22,278	243	(8,822)	137,470	265,197	498	265,695

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2010

	Year ended 31 December 2010 A\$'000	Year ended 31 December 2009 A\$'000
Cash Flows from Operating Activities		
Profit before taxation	55,323	28,297
Adjustments for:		
Amortisation of prepaid lease payments on land use rights	30	28
Amortisation of long term prepayments	9	9
Amortisation of mine development costs	1,895	1,620
Depreciation of property, plant and equipment	11,031	7,998
Equity-settled share-based payments	8,433	11,415
Write off of exploration and evaluation costs	4,327	3,084
(Gain)/loss on disposal of available-for-sale financial assets	(700)	39
Loss on disposal of property, plant and equipment	13	93
Gain on disposal of a subsidiary company	(1,996)	(872)
Interest expenses	2,583	405
Interest income	(1,227)	(2,253)
Gain on bargain purchase	(185)	-
Share of results of an associate	37	-
Operating profit before working capital changes	79,573	49,863
Increase in inventories	(75,812)	(16,435)
Increase in trade and bill receivables	(1,153)	(5,361)
Increase in prepayments, deposits and other receivables	(10,113)	(1,330)
Decrease in trade and bill payables	36,158	9,422
Decrease in other payables and accruals	(2,082)	(737)
Increase in long term liabilities	133	2,801
Cash generated from operations	26,704	38,223
Interest paid	(2,583)	(405)
Overseas income tax paid	(3,394)	(14,122)
Net cash generated from operating activities	20,727	23,696
Cash Flows from Investing Activities		
Payments for exploration and evaluation	(4,327)	(3,084)
Payments for mine development costs	(660)	1,982
Purchase of property, plant and equipment	(9,748)	(33,394)
Purchase of available-for-sale financial assets	(78,849)	(4,017)
Purchase of derivative financial asset	(367)	-
Proceeds from disposal of property, plant and equipment	76	118
Proceeds from disposal of available-for-sale financial assets	6,895	579
Proceeds from disposal of a subsidiary company (Note 34)	-	443
Payment for prepaid land use rights	(311)	-
Acquisition of associate	(68,542)	-
Net cash outflow arising from acquisition of a subsidiary (Note 34)	(768)	-
Interest received	1,227	253
Net cash used in investing activities	(155,374)	(39,084)
Cash Flows from Financing Activities		
Dividends paid	(13,723)	(14,541)
Repayment of bank and other loans	(18,176)	(24)
Proceeds from bank loans	109,126	1,323
Capital contribution by non-controlling interests	-	401
(Increase)/decrease in cash collateral	(17,260)	11,832
Purchase of treasury shares	(1,324)	-
Proceeds from share options exercised	15,090	3,990
Net cash generated from financing activities	73,733	2,981
Net decrease in cash and cash equivalents	(60,914)	(12,407)
Cash and cash equivalents at beginning of year	79,708	96,961
Exchange difference on translation of cash and cash equivalents at beginning of year	(2,724)	(4,846)
Cash and cash equivalents at end of year (Note 19)	16,070	79,708

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

1 General information

The financial statements of the Company and of the Group for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Directors on the date of the Statement by Directors.

The Company is incorporated as a limited liability company and domiciled in Bermuda.

The registered office is located at Clarendon House, 2 Church Street Hamilton, HM11 Bermuda.

2 Basis of preparation

The financial statements have been prepared in accordance with IFRSs, which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the IASB, and all applicable individual International Accounting Standards ("IASs") and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB.

The significant accounting policies that have been used in the preparation of the financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended IFRSs and the impacts on the Financial Information, if any, are disclosed in Note 4.

The financial statements have been prepared under the historical cost basis except for the financial instruments classified as derivatives financial assets and available-for-sale financial assets which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3 Summary of significant accounting policies

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is given in Note 14.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those adopted by the Group.

Business combination

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre- or post-acquisition profits are recognised in the Company's profit or loss.

Goodwill

Goodwill arising from acquisition of subsidiaries and associates is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials at purchase cost on a weighted average basis; and

Finished goods and work in progress at cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investments in a joint venture or jointly controlled entities.

In the consolidated financial statements, investments in associates is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associates recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

3 Summary of significant accounting policies (cont'd)

Associates (cont'd)

Under the equity method, the Group's interests in associates is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associates' net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the period includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on the investment in associates recognised for the year.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Where unrealised losses on assets sales between the Group and its associates are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in associates equals or exceeds its interest in the associates, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associates.

After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. At each reporting date, the Group determines whether there is any objective evidence that the investment in associates is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less costs to sell) of the associates and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associates, including cash flows arising from the operations of the associates and the proceeds on ultimate disposal of the investment.

Foreign currency translation

The financial statements are presented in Australian Dollars (A\$), which is also the functional currency of the Company and all values are rounded to the nearest thousand except where otherwise indicated.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Australian dollars. Assets and liabilities have been translated into Australian dollars at the closing rates at the reporting date. Income and expenses have been converted into Australian dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange fluctuation reserve in equity. When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipment, other than construction in progress ("CIP"), are stated at acquisition cost less accumulated depreciation and any impairment losses.

Depreciation on property, plant and equipment is provided to write off the cost of the asset over its estimated useful lives, using the straight line method, at the following rates:

Leasehold building and improvements	3 to 5 years
Plant and machinery	3 to 20 years
Plant and equipment - Process Facility	Life of mine: 10 years
Computer equipment	1 year
Office equipment	3 to 5 years
Furniture and fittings	3 to 5 years
Motor vehicles	5 to 10 years

CIP represents assets in the course of construction for production or for its own use purpose. CIP is stated at cost less any impairment loss and is not depreciated. Cost includes direct costs incurred during the periods of construction, installation and testing plus interest charges arising from borrowings used to finance these assets during the construction period. CIP is reclassified to the appropriate category of property, plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use.

The assets' depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date and changes are accounted for as a change in estimates.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

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 costs, such as repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Upfront payments made to acquire interests in the usage of land in the People's Republic of China ("PRC") under operating leases are classified as "prepaid lease payments for land use rights" and are stated at costs less accumulated amortisation and any impairment losses. Amortisation is calculated on a straight-line method over the term of the lease of use over 50 years.

Long term prepayments represent an office premise in Singapore that is held under a long term lease. They are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line method over the lease period of 73 years on acquisition.

Intangible assets

Exploration and evaluation costs

Exploration and evaluation costs relate to mineral rights acquired and exploration and evaluation expenditures capitalised in respect of projects that are at the exploration/pre-development stage.

Exploration and evaluation assets are initially recognised at cost on initial recognition. Subsequent to initial recognition, they are stated at cost less any accumulated impairment losses and no amortisation charge is recognised. These assets are reclassified as mine development assets upon the commencement of mine development, when technical feasibility and commercial viability of extracting mineral resources becomes demonstrable.

Exploration and evaluation expenditures in the relevant area of interest comprises costs which are directly attributable to acquisition, surveying, geological, geochemical and geophysical, exploratory drilling; land maintenance, sampling, and assessing technical feasibility and commercial viability.

3 Summary of significant accounting policies (cont'd)

Intangible assets (cont'd)

Exploration and evaluation costs (cont'd)

Exploration and evaluation expenditures also include the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalised costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest, where the existence of a technically feasible and commercially viable mineral deposit has been established.

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with IAS 36 "Impairment of Assets" whenever one of the following events or changes in facts and circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- (a) the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be recovered;
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- (d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Mine development costs

Costs arising from the development of the mine site (except for the expenditures incurred for building the mine site and the purchases of machinery and equipments for the mining operation which are included in property, plant and equipment) are accumulated in respect of each identifiable area of interest and are capitalised and carried forward as an asset to the extent that they are expected to be recouped through the successful mining of the areas of interest.

Accumulated costs in respect of an area of interest subsequently abandoned are written off to the profit or loss in the reporting period in which the Directors' decision to abandon is made.

Amortisation is not charged on the mine development costs carried forward in respect of areas of interest until production commences. Where mining of a mineral deposit has commenced, the related exploration and evaluation costs are transferred to mine development costs. When production commences, carried forward mine development costs are amortised on a unit of production basis. The unit of production basis results in an amortisation charge proportional to the depletion of the estimated economically recoverable ore reserves.

Pre-production operating expenses and revenues were accumulated and capitalised into mine development costs until 31 August 2006 as the mine was involved in the commissioning phase which commenced in November 2005. Subsequent to 31 August 2006, the Directors of the Company determined that the processing plant was in the condition necessary for it to be capable of operating in the manner intended so as to seek to achieve design capacity rates. These costs were carried forward to the extent that they are expected to be recouped through the successful mining of the area of interest.

The amortisation of capitalised mine development costs commenced from 1 September 2006 and will be amortised over the life of the mine according to the rate of depletion of the economically recoverable reserves.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

Goodwill

Goodwill arising on an acquisition of a subsidiary, prepaid lease payments on land use rights, mine development costs, property, plant and equipment, interests in subsidiaries and associates are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those of other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflow independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

An impairment loss is recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below the higher of its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to its present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

An impairment loss on goodwill is not reversed in subsequent periods whilst an impairment loss on other assets is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and 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.

Impairment losses recognised in an interim period in respect of goodwill is not reversed in a subsequent period.

Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries are set out below.

Financial assets are classified into the following categories of loans and receivables and available-for-sale financial assets.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through the profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is determined and recognised based on the classification of the financial asset.

3 Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gains or losses arising from a change in the fair value excluding any dividend and interest income, is recognised in other comprehensive income and accumulated separately in the fair value reserve for available-for-sale investments in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in the profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in the profit or loss, and other changes are recognised in other comprehensive income.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through the profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but is not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the profit or loss of the period in which the impairment occurs.

If, in subsequent periods, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss of the period in which the reversal occurs.

(ii) Available-for-sale financial assets

When a significant and prolong decline in the fair value of an available-for-sale investment has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in the profit or loss as impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the profit or loss. Reversals in respect of investment in equity instruments classified as available-for-sale financial assets and stated at fair value are not recognised in the profit or loss. The subsequent increase in fair value is recognised in other comprehensive income.

(iii) Financial assets carried at cost

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

For financial assets other than financial assets at fair value through the profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the profit or loss.

Impairment losses recognised in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of an annual period, or in subsequent period, the increase is recognised in other comprehensive income.

3 Summary of significant accounting policies (cont'd)

Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The Group's financial liabilities include borrowings, trade and bills payables and accruals and other payables.

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the profit or loss.

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 value is recognised in the profit or loss 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 twelve months after the balance sheet date.

Trade and bills payables/accruals and other payables

Trade and bills payables/accruals and other payables are recognised initially at their fair values and subsequently measured at amortised costs, using the effective interest method.

Derivative financial instruments designated as hedging instrument

A derivative financial instrument designated as a hedging instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The carrying amount of a derivative designated as a hedging instrument is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

Cash flow hedge

For cash flow hedges, the effective portion of the gain or loss arising from the change in fair value of the hedging instrument is recognised directly in other comprehensive income and accumulated in the fair value reserves under statement of changes in equity, while the ineffective portion is recognised immediately in the profit or loss.

Amounts recognised in other comprehensive income are transferred to the income statement in the periods when the hedged transaction affects the profit or loss. When the hedged item is the cost of a non-financial asset or non-financial liability, the gains or losses previously recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

When a cash flow hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to the profit or loss.

Derivative financial instruments not designated as hedging instrument

Derivative financial instruments not designated as hedging instruments, in individual contracts or separated from hybrid financial instruments, are initially recognised at fair value on the date the derivative contract is entered into and subsequently re-measured at fair value. Such derivative financial instruments are accounted for as financial assets or financial liabilities at fair value through the profit or loss. Gains or losses arising from changes in fair value are taken directly to the profit or loss for the year.

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Assets acquired under finance leases

Where the Group acquires the right to use the assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such asset, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases.

Operating lease charges as the lessee

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by the lease payments less finance charges.

Finance charges implicit in the lease payments are charged to the profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period in which they are incurred.

When the Group has the right to use the assets held under operating leases, payments made under the leases are charged to the profit or loss on a straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to the profit or loss in the accounting period in which they are incurred.

3 Summary of significant accounting policies (cont'd)

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of the purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

Share capital and treasury shares

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within the equity attributable to the owners of the Company, until they are cancelled, sold or reissued.

When the treasury shares are subsequently cancelled, the cost of the treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, net of rebates and discounts, goods and services tax and other sale taxes. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of comprehensive income as follows:

Revenue from the sale of goods is recognised upon the transfer of significant risks and rewards of ownership to the customers. This is usually taken as the time when the goods are delivered to customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the right to receive the payment is established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

Employee benefits

Defined contribution plan

Retirement benefits to employees are provided through defined contribution plans, as provided by the laws of the countries in which it has operations. The Singapore incorporated companies in the Group contribute to the Central Provident Fund ("CPF"). The Australian subsidiary in the Group is required to contribute to employee complying superannuation plans and such contributions are charged as an expense as the contributions are paid or become payable. The Australian subsidiary contributes to individual employee accumulation superannuation plans at the statutory rate of the employees' wages and salaries, in accordance with statutory requirements, so as to provide benefits to employees on retirement, death or disability. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme.

Contributions are recognised as an expense in the profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee benefits payable later than on year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Employee share option plan and other options issued following shareholder approval

The Company has an employee share option plan for the granting of non-transferrable options.

The Group operates equity-settled share-based compensation plans for remuneration of its employees including Directors and senior executives.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is recognised as an expense in the profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the share-based compensation reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

At the time when the share options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in share option reserve will be transferred to share capital account, when new ordinary shares are issued, or to the "treasury share" account, when treasury shares are reissued to the employees. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

3 Summary of significant accounting policies (cont'd)

Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claim from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of the tax expense in the profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in the profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

Current tax assets and current tax liabilities are presented net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive Directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive Directors are determined following the Group's major products and services. The Group has identified the following reportable segments:

Mining	Exploration and mining of manganese ore
Processing	Production of manganese ferroalloys and manganese sinter ore
Marketing and trading	Trading of manganese ore, manganese ferroalloys and sinter ore, chrome ore and iron ore

Each of these operating segments is managed separately as they require different resources as well as operating approaches.

The reporting segment results exclude the change in fair value of derivative financial instruments, gain on disposal of a subsidiary, finance income and costs, share of results of associate, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment, and are not included in arriving at the operating results of the operating segment.

Segment assets include property, plant and equipment, prepaid lease payments for land use rights, mine development costs, inventories, receivables and operating cash and mainly exclude available-for-sale financial assets, deferred tax assets, interests in an associate, goodwill and corporate assets which are not directly attributable to the business activities of any operating segment which primarily applies to the Group's headquarters.

Segment liabilities comprise operating liabilities and exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include income tax payables, deferred tax liabilities and corporate borrowings.

Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- the Group and the party are subject to common control;
- the party is an associate of the Group or a joint venture in which the Group is a venturer;
- the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- the party is a close family member of a party referred to in (a) or is an entity under the control, joint control or significant influence of such individuals; or
- the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 Summary of significant accounting policies (cont'd)

Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in the profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

Stripping costs

Stripping costs incurred during the development of a mine are capitalised into mine development costs. Stripping costs incurred during the production phase are variable production costs that are included in the costs of inventory produced during the period that the stripping costs are incurred.

4 Adoption of new or amended IFRSs

The IASB has issued a number of new and revised IASs, IFRSs, amendments and related interpretations ("IFRICs") (hereinafter collectively referred to as the "new IFRSs") which were relevant to the Group.

The Group has not early adopted the following IFRSs that have been issued but are not yet effective.

IAS 24 (Revised) Related	Party Disclosures ³
IAS 32 (Amendment)	Classification of Rights Issues ¹
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adoptors ²
IFRS 7 (Amendment)	Disclosures - Transfer of Financial Assets ⁴
IFRS 9 (as amended in 2010)	Financial Instruments ⁵
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement ³
IFRIC 19 Extinguishing	Financial Liabilities with Equity Instruments ²
Improvements to IFRSs	Annual Improvements to IFRSs 2010 ³

¹ Effective for annual periods beginning on or after 1 February 2010

² Effective for annual periods beginning on or after 1 July 2010

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 July 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

4 Adoption of new or amended IFRSs (cont'd)

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through the profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through the profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to the profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through the profit or loss was recognised in the profit or loss. The Directors anticipate that IFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and they are in the process of assessing the impact of other new or revised IFRSs upon initial adoption. So far, the Directors have preliminarily concluded that the initial adoption of these IFRSs are unlikely to have a significant impact on the Group's results and financial position.

The directors anticipate that all the others new or revised IFRSs will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation of property, plant and equipment/Amortisation of mine development costs

The Group's management exercises its judgement in estimating the useful lives of the depreciable assets. The estimated useful lives reflect the management's estimate of the periods the Group intends to derive future economic benefits from the use of these assets based on historical experience. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. The Group depreciates the property, plant and equipment in accordance with the accounting policies stated in Note 3. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete assets that have been abandoned or sold.

The mine development costs of the Group are amortised on a unit-of-production basis using estimated resources as a depletion basis in accordance with the accounting policies stated in Note 3. The estimates of the resources for the depletion basis are determined based on professional evaluation, but may change based on additional knowledge gained subsequent to the initial assessment. A change in the original resource estimates would result in a change in the rate of depletion.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value in use of the cash-generating unit to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

5 Critical accounting estimates and judgements (cont'd)

Impairment of trade receivables

The policy for the provision for impairment of trade receivables of the Group is based on the evaluation of collectability and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each trade debtor. If the financial conditions of the trade debtors of the Group were to deteriorate, resulting in impairment of their ability to make repayments, additional allowance may be required. Where the expected outcome is different from the original estimate, such difference will impact the carrying value of trade receivables and impairment allowance in the period in which such estimate has been changed.

Provision for rehabilitation

The Group recognises the fair value of a liability in connection with the provision for rehabilitation in the period in which it is incurred when a reasonable estimate of fair value can be made. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the clauses of the mining permits. The relevant provision has been estimated based on the Group's interpretation of current regulatory requirements and have been measured at fair value. Fair value is determined based on the net present value of expected future cash expenditures upon restoration and mine closure. Because the fair value measurement requires the input of subjective assumptions, including the restoration and closure costs, changes in subjective input assumptions can materially affect their fair value estimate.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to the changes in market conditions. Management reassesses the estimations at the reporting date.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the amount of the provision for income taxes and the timing of payment of related taxes. There could be transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. In such cases the Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Valuation of share options granted

The fair value of employee share options granted is estimated using the binomial model at the date of grant by an independent valuer. The model requires input of subjective assumptions such as expected share price, volatility and dividend yield. Changes in the subjective inputs may materially affect the fair value estimates. Details of assumptions and estimates used are set out in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

6 Segment information

	Mining		Processing		Marketing and Trading		Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Reportable segment revenue										
Sales to external customers	-	9,684	55,864	38,472	251,599	232,179	-	-	307,463	280,335
Inter-segment sales	147,854	144,442	-	13,217	105,760	134,296	-	-	253,614	291,955
Elimination									(253,614)	(291,955)
	147,854	154,126	55,864	51,689	357,359	366,475	-	-	307,463	280,335
Reportable segment profit	12,115	9,252	7,517	5,729	36,077	13,313	1,007	(1,845)	56,716	26,449
Reportable segment assets	175,180	157,648	103,865	83,424	191,449	84,355	201,718	180,194	672,212	505,621
Elimination									(356,321)	(204,254)
Interests in an associate									68,505	-
Available-for-sale financial assets									96,448	10,457
Derivative financial assets									367	-
Goodwill									2,065	2,065
Cash collateral									26,050	9,392
Total assets									509,326	323,281
Reportable segment liabilities	150,926	139,491	41,274	37,103	88,609	37,558	116,316	3,283	397,125	217,435
Elimination									(314,880)	(167,120)
Borrowings									92,276	1,323
Deferred tax liabilities									1,254	4,212
Income tax payables									7,648	1,736
Total liabilities									183,423	57,586
Other segment information										
Purchase of property, plant and equipment	3,993	19,966	5,494	13,053	260	375	1	-	9,748	33,394
Depreciation of property, plant and equipment	9,065	6,881	1,840	965	122	148	4	4	11,031	7,998
Amortisation of prepaid lease payments on land use rights	-	-	30	28	-	-	-	-	30	28
Amortisation of long term prepayments	-	-	-	-	9	9	-	-	9	9
Amortisation of mine development costs	1,895	1,620	-	-	-	-	-	-	1,895	1,620
Write off of evaluation and exploration costs	4,096	3,366	-	-	118	(470)	113	188	4,327	3,084

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

6 Segment information (cont'd)

Reconciliation of the Group's reportable segment profit to the profit before income tax is as follows:

	2010	2009
	A\$'000	A\$'000
Reportable segment profit	56,716	26,449
Finance income	1,227	2,253
Share of results of associate	(37)	-
Finance costs	2,583	(405)
Profit before income tax	55,323	28,297

The Group's revenues from external customers and its non-current assets (other than available-for-sales financial assets and deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2010	2009	2010	2009
	A\$'000	A\$'000	A\$'000	A\$'000
Principal markets				
PRC	295,865	256,791	25,205	21,574
Korea	-	11,688	-	-
Australia	-	9,684	83,854	90,159
Mauritius	-	-	68,505	-
Others (including Bermuda and Madagascar)	11,598	2,172	2,917	3,242
	307,463	280,335	180,481	114,975

The geographical location of customers is based on the locations at which the goods were delivered. The geographical location of non-current assets is based on the physical location of the asset.

Revenue of approximately A\$34,416,000 (2009 - A\$56,083,000) was derived from a single external customer. This revenue is attributable to the Marketing and Trading segment (2009 - Marketing and Trading segment).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

7 Property, plant and equipment

The Group	Construction in-progress A\$'000	Leasehold buildings and improvements A\$'000	Plant and machinery A\$'000	Computer equipment, office equipment and furniture A\$'000	Motor vehicles A\$'000	Total A\$'000
Cost						
At 1 January 2009	8,336	8,056	72,513	2,350	1,383	92,638
Additions	18,669	1	14,200	27	497	33,394
Transfers	(10,125)	134	9,842	149	-	-
Disposals	-	(15)	-	(138)	(241)	(394)
Disposal of a subsidiary	(2)	(1,862)	(2,978)	-	(411)	(5,253)
Exchange realignment	(49)	(1,401)	(1,840)	(53)	(220)	(3,563)
At 31 December 2009	16,829	4,913	91,737	2,335	1,008	116,822
Additions	8,680	351	479	147	91	9,748
Transfers	(18,909)	7,550	10,969	390	-	-
Disposals	-	(27)	-	(31)	(124)	(182)
Acquisition of a subsidiary	203	380	519	5	164	1,271
Exchange realignment	(1,135)	(450)	(574)	(17)	(117)	(2,294)
At 31 December 2010	5,668	12,717	103,130	2,829	1,022	125,366
Accumulated depreciation						
At 1 January 2009	-	2,303	19,127	984	491	22,905
Depreciation for the year (Note 28)	-	311	6,982	570	135	7,998
Disposals	-	(15)	-	(92)	(76)	(183)
Disposal of a subsidiary	-	(982)	(1,984)	-	(286)	(3,252)
Exchange realignment	-	(335)	(688)	(38)	(54)	(1,115)
At 31 December 2009	-	1,282	23,437	1,424	210	26,353
Depreciation for the year (Note 28)	-	577	9,888	454	112	11,031
Disposals	-	27	-	(31)	(35)	(93)
Exchange realignment	-	(160)	(331)	(19)	(28)	(538)
At 31 December 2010	-	1,672	32,994	1,828	259	36,753
Net book value						
At 31 December 2010	5,668	11,045	70,136	1,001	763	88,613
At 31 December 2009	16,829	3,631	68,300	911	798	90,469

Leasehold buildings are situated in the PRC and are held under a medium-term lease.

As at 31 December 2010, there are certain leasehold buildings located in the PRC with a net carrying value of A\$3,925,000 (2009 - A\$Nil) respectively for which the Group is still in the process of obtaining the building ownership certificates. These buildings are erected on land for which the relevant land use rights certificates have been obtained by the Group. In the opinion of the Directors, the Group has obtained the rights to use the leasehold buildings legally.

As at 31 December 2010, certain plant and building located in the PRC with a net carrying value of A\$1,271,000 are erected on lands for which the relevant land use rights certificates have not yet been obtained by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

8 Prepaid lease payments on land use rights

The Group	2010 A\$'000	2009 A\$'000
At beginning of year	1,092	1,577
Additions	311	-
Disposal of a subsidiary	-	(133)
Amortisation for the year (Note 28)	(30)	(28)
Exchange realignment	(97)	(324)
At end of year	1,276	1,092
At end of year		
Cost	1,442	1,246
Accumulated amortisation	(166)	(154)
Net carrying value	1,276	1,092

The land use rights are situated in PRC and are held under a medium-term lease.

9 Long term prepayments

The Group	2010 A\$'000	2009 A\$'000
At beginning of year	603	818
Amortisation for the year (Note 28)	(9)	(9)
Exchange realignment	(83)	(206)
At end of year	511	603
At end of year		
Cost	573	656
Accumulated amortisation	(62)	(53)
Net carrying value	511	603

This relates to a leasehold office premise situated in Singapore and is held under a long-term lease. The full cost of acquiring the leasehold property is therefore amortised over the remaining lease period.

10 Exploration and evaluation costs

The Group	2010 A\$'000	2009 A\$'000
At beginning of year	-	-
Costs incurred during the year	4,327	3,084
Impairment for the year (Note 28)	(4,327)	(3,084)
At end of year	-	-

The ultimate recoupment of such costs is dependent upon the successful development and commercial exploitation or alternatively, sale of the respective areas of interest. The Directors consider that the accumulated costs of the ongoing exploration and evaluation in the identified area of interest are not expected to be recouped through sale. As a result accumulated costs are written off to the consolidated income statement in the financial reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

11 Mine development costs

	2010 A\$'000	2009 A\$'000
The Group		
At beginning of year	20,746	20,384
Costs incurred during the year	660	1,982
Amortisation for the year (Note 28)	(1,895)	(1,620)
At end of year	19,511	20,746
At end of year		
Cost	26,843	26,183
Accumulated amortisation	(7,332)	(5,437)
Net carrying value	19,511	20,746

The ultimate recoupment of the mine development costs is dependent upon successful mining or sale of the areas of interest. The Directors consider that the current results of the ongoing development and production on the identified areas of interest are positive and expect that the costs will be fully recouped through sales of product generated from the mining operation.

12 Goodwill

	2010 A\$'000	2009 A\$'000
The Group		
Cost	2,065	2,190
Disposal	-	(125)
Net carrying value	2,065	2,065

Goodwill was allocated to the Group's cash-generating units ("CGU") from which it is expected to benefit. The carrying amount of goodwill was allocated to the following operating segment:

	2010 A\$'000	2009 A\$'000
The Group		
Mining	2,065	2,065

As described in Note 3, the recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the years as stated as follows:

	2010	2009
Gross margin	10% - 20%	10% - 20%
Growth rate	0% - 10%	0% - 10%
Discount rate	10%	10%

Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the business segment. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. Management determined the budgeted gross margin based on past performance and its expectations for market development. The weighted average growth rates used are consistent with industry reports.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

12 Goodwill (cont'd)

Apart from the considerations described in determining the value-in-use of the CGUs above, the Directors are not currently aware of any other probable changes that would necessitate changes in its key estimates.

13 Available-for-sale financial assets

	2010	2009
	A\$'000	A\$'000
The Company and The Group		
Quoted equity investments, at fair value		
At beginning of year	10,457	4,443
Additions	78,849	4,017
Disposals	(6,195)	(618)
Fair value gain recognised directly in other comprehensive income	13,337	2,615
At end of year	96,448	10,457

The fair value of quoted equity investments is determined by reference to quoted closing share prices on the ASX at the financial reporting dates.

14 Interests in subsidiaries

	2010	2009
	A\$'000	A\$'000
The Company		
Unquoted equity investments, at cost	8,014	8,013
Amounts due from subsidiaries:		
- Interest-free	5	5
- Interest-bearing	109,545	101,473
	117,564	109,491

The amounts due from subsidiaries are unsecured and are not expected to be repaid within one year. The amounts include a balance of A\$101,473,000 and A\$109,545,000 which is interest-bearing at a weighted average effective interest rate of 9.78% per annum and 10.16% per annum for the years ended 31 December 2009 and 2010 respectively. The remaining balances are interest-free. As these amounts represent net investments with indeterminable repayments, fair valuation is not appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

14 Interests in subsidiaries (cont'd)

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Percentage of equity held		Principal activities
		2010	2009	
<u>Held by the Company</u>				
OM Holdings (B.V.I.) Ltd (“OMBVI”) ⁽¹⁾	The British Virgin Islands (Incorporated on 13 November 1997)	100%	100%	Investment holding
OM (Manganese) Ltd (“OMM”) ⁽²⁾	Australia (Incorporated on 11 June 2001)	100%	100%	Operation of manganese mine
OM Holdings Investment Ltd (“OMHI”) ⁽¹⁾	The British Virgin Islands (Incorporated on 18 October 2007)	100%	100%	Investment holding
OMH (Mauritius) Corp. ⁽⁹⁾	Mauritius (Incorporated on 2 March 2010)	100%	–	Investment holding
<u>Held by OMHI</u>				
Capricorn Enterprises Madagascar (“CEM”) ⁽¹⁾	Madagascar (Incorporated on 12 May 2003)	88%	88%	Exploration and evaluation activities
<u>Held by OMBVI</u>				
OM Resources (HK) Limited (“OMR”) ⁽³⁾ (previously known as OM Manufacturing (China) Ltd)	Hong Kong (Incorporated on 10 December 1991)	100%	100%	Investment holding
<u>Held by OMR</u>				
OM Materials (S) Pte Ltd (“OMS”) ⁽⁴⁾	Singapore (Incorporated on 13 February 1999)	100%	100%	Investment holding and trading of metals and ferroalloy products
OM Materials (Johor) Sdn Bhd ⁽¹⁾	Malaysia (Incorporated on 21 September 2010)	100%	–	Sales and processing of ferroalloys and ores
OM Materials (Sarawak) Sdn Bhd ⁽¹⁾	Malaysia (Incorporated on 21 September 2010)	100%	–	Sales and processing of ferroalloys and ores
<u>Held by OMS</u>				
OM Materials (Tianjin) Ltd (“OMT”) ⁽⁵⁾	PRC (Established on 25 May 1999)	–	100%	Trading of metals and fabricated metals
OM Materials (Qinzhou) Co Ltd (“OMQ”) ⁽⁶⁾	PRC (Established on 1 June 2001)	100%	100%	Sales and processing of ferroalloys and ores
OM Materials (PNG) Limited ⁽⁷⁾	Papua New Guinea (Incorporated on 27 February 2001)	100%	100%	Exploration and evaluation activities

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

14 Interests in subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Percentage of equity held		Principal activities
		2010	2009	
OM Tshipi (S) Pte Ltd ⁽⁴⁾	Singapore (Incorporated on 3 March 2010)	70%	-	Trading of metals and ferroalloy products
OM Materials Trading (Qinzhou) Co Ltd ⁽⁶⁾	PRC (Established on 13 October 2010)	100%	-	Trading of metals and ferroalloy products
OM Hujin Science & Trade (Shanghai) Co. Ltd ("OMA") ⁽⁸⁾	PRC (Established on 10 October 2008)	70%	50%	Trading of metals and ferroalloy products
OM Materials (M) Sdn Bhd ⁽¹⁾	Malaysia (Incorporated on 21 September 2010)	100%	-	Trading of metals and ferroalloy products
<u>Held by OMA</u>				
Guizhou Jiahe Weiye Smelter Co. Ltd (OMG) ⁽⁸⁾	PRC (Established on 8 March 2004)	75%	-	Sales and processing of ferroalloy and ores
Flores Mineral Waste Processing (S) Pte Ltd ⁽¹⁾	Singapore (Incorporated on 16 December 2010)	50%*	-	Processing of mineral waste, mineral ores and other mining related activities

* The Directors of the Company are of the view that it should be treated as a subsidiary rather than a joint venture as the Group has control over the entities.

Note:

- (1) no audit required in the country of incorporation and operations are not material to the Group for the year ended 31 December 2010
- (2) audited by Grant Thornton Australia Limited
- (3) audited by Lam & Chui CPA Limited
- (4) audited by Foo Kon Tan Grant Thornton LLP
- (5) audited by Tianjin Zhenze Certified Public Accountants. The company was de-registered in 2010
- (6) audited by Guangxi JiaHai Accountant Affairs Office Co. Ltd
- (7) audited by DFK Hill Mayberry
- (8) audited by Shanghai Shenzhou Datong Certified Public Accountants Co. Ltd
- (9) audited by Grant Thornton Mauritius

15 Interest in an associate

	2010 A\$'000	2009 A\$'000
The Group		
Unquoted equity investment, at cost	68,542	-
Share of post-acquisition losses and reserves	(37)	-
	<u>68,505</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

15 Interest in an associate (cont'd)

Particulars of the associate as at 31 December 2010 are as follows:

Name of company	Country of incorporation	Percentage of equity held		Principal activities
		2010	2009	
Main Street 774 (Pty) Limited ⁽¹⁾	South Africa (incorporated on 18 September 2009)	26%	-	Investment holding in mining and exploration industry

⁽¹⁾ audited by KPMG South Africa

The investment in the associate is held by a wholly-owned subsidiary, OMH (Mauritius) Corp.

The summarised financial information of the Group's associate is as follows:

	2010 A\$'000	2009 A\$'000
- Assets	15,951	-
- Liabilities	(5)	-
- Loss for the year	(142)	-

16 Deferred taxation

	2010 A\$'000	2009 A\$'000
The Group		
Deferred tax assets		
Balance at beginning of year	3,332	4,844
Credited to income statement (Note 29)	2,626	2,889
Charged to equity	-	(4,401)
Balance at end of year (i)	5,958	3,332
Deferred tax liabilities		
Balance at beginning of year	(7,544)	(4,531)
Charged/(Credited) to income statement (Note 29)	328	(3,013)
Exchange difference on translation	4	-
Balance at end of year (ii)	(7,212)	(7,544)
Net deferred tax liabilities (i) + (ii)	(1,254)	(4,212)

The balance comprises tax arising from the following temporary differences:

	Depreciation allowance A\$'000	Others A\$'000	Total A\$'000
The Group			
At 1 January 2010	5,988	(1,776)	4,212
Charged/(credited) to			
- income statement (Note 29)	3	(2,957)	(2,954)
Exchange difference on translation	-	(4)	(4)
At 31 December 2010	5,991	(4,737)	1,254

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

16 Deferred taxation (cont'd)

As at 31 December 2010, the Group had tax losses arising in Hong Kong of A\$296,263 (2009 - A\$338,185) which is available for offsetting against future taxable profits. No deferred tax asset has been recognised in respect of these tax losses due to the uncertainty of future profit streams against which the asset can be utilised. The tax losses arising in Hong Kong can be carried forward indefinitely without any expiry date.

17 Inventories

	2010 A\$'000	2009 A\$'000
The Group		
Raw materials, at cost	61,059	27,358
Work-in-progress, at cost	15,491	11,251
Work-in-progress, at net realisable value	39,748	33,450
Finished goods, at cost	40,033	12,364
	156,331	84,423

For the year ended 31 December 2010, the inventories of raw materials included pre-strip mining costs of A\$12,757,000 incurred during the cut-back of a pit located at the Group's mine operation. The pre-strip mining costs associated with the cut-back activity will be expensed as ore is accessed from the relevant operating pit. Further details of the pre-strip mining costs are set out in Note 3.

Included in inventory is an amount of A\$31,472,048 (2009 - A\$29,349,968) of ore requiring re-treatment that is expected to be processed for sale within the next 5 years based on the expected production rate of the secondary processing plant.

18 Trade and other receivables

	The Company		The Group	
	2010 A\$'000	2009 A\$'000	2010 A\$'000	2009 A\$'000
Trade receivables	-	-	10,211	11,844
Bills receivable	-	-	5,076	3,767
	-	-	15,287	15,611
Allowance for impairment of trade receivables				
Balance 1 January	-	-	-	(1,563)
Disposal of a subsidiary during the year	-	-	-	1,563
Balance at 31 December	-	-	-	-
Net trade receivables (i)	-	-	15,287	15,611
Other receivables				
Amounts due from subsidiary companies	74,374	18,287	-	-
Deposits and other receivables	4	52	16,109	6,654
Net other receivables (ii)	74,378	18,339	16,109	6,654
Total (i) + (ii)	74,378	18,339	31,396	22,265

Amounts due from subsidiaries are interest-free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

18 Trade and other receivables (cont'd)

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2010	2009	2010	2009
	A\$'000	A\$'000	A\$'000	A\$'000
Australian dollar	74,378	18,339	2,012	3,658
Renminbi	-	-	18,682	12,207
United States dollar	-	-	10,560	6,245
Others	-	-	142	155
	74,378	18,339	31,396	22,265

The credit risk for trade receivables based on the information provided by key management is as follows:

	The Company		The Group	
	2010	2009	2010	2009
	A\$'000	A\$'000	A\$'000	A\$'000
<u>By geographical areas</u>				
Australia	-	-	310	1,412
People's Republic of China	-	-	6,691	8,161
Singapore	-	-	8,286	6,038
	-	-	15,287	15,611

The ageing analysis of trade receivables past due but not impaired is as follows:

	The Company		The Group	
	2010	2009	2010	2009
	A\$'000	A\$'000	A\$'000	A\$'000
Past due 0 to 3 months	-	-	316	-
Past due 3 to 6 months	-	-	-	-
	-	-	-	-

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to a number of customer that have a good track record with the Group. Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 6 months. These receivables are mainly arising from customers that have a good credit record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

19 Cash and cash equivalents

	The Company		The Group	
	2010	2009	2010	2009
	A\$'000	A\$'000	A\$'000	A\$'000
Cash at bank and on hand	549	49	34,181	24,569
Short-term bank deposits	4,762	46,533	7,939	64,531
Total cash and cash equivalents [Notes (a) and (b)]	5,311	46,582	42,120	89,100
Less: Cash collateral [Note (c) and (d)]	-	-	(26,050)	(9,392)
	5,311	46,582	(16,070)	79,708

Notes:

- (a) Short-term bank deposits are for varying periods of one day to one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.
- (b) At 31 December 2010, the total amount of cash and cash equivalents of the Group which were deposited with banks in the PRC and denominated in Renminbi ("RMB") amounted to A\$19,350,000 (2009 - A\$7,874,000). The RMB is not freely convertible into other currencies.
- (c) Certain bank deposits were pledged to banks to secure banking facilities provided to the Group in respect of letters of credit and bank loans (Note 23). The cash collateral has an average maturity of 3 to 12 months (2009 - 3 months) with the weighted average effective interest rates of 0.19% (2009 - 0.57%) per annum.
- (d) Certain bank deposits held by the Australian subsidiary were pledged to secure the issuance of environmental bonds. The A\$ cash collateral has an average maturity of 1 month (2009 - 1 month) with the weighted average effective interest rate of 4.75% (2009 - 4.25%) per annum.

Cash and bank balances are denominated in the following currencies:

	The Company		The Group	
	2010	2009	2010	2009
	A\$'000	A\$'000	A\$'000	A\$'000
Australian dollar	5,311	46,582	10,262	53,700
Renminbi	-	-	19,350	7,874
Singapore dollar	-	-	123	2,171
United States dollar	-	-	12,310	25,281
Others	-	-	75	74
	5,311	46,582	42,120	89,100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

20 Share capital

	No. of ordinary shares		Amount	
	2010	2009	2010	2009
	'000	'000	A\$'000	A\$'000
The Company				
Authorised:				
Ordinary shares of A\$0.05 (2009 - A\$0.05) each	2,000,000	2,000,000	100,000	100,000
Issued and fully paid:				
Ordinary shares of A\$0.05 (2009 - A\$0.05) each as at 1 January	490,935	477,579	24,547	23,879
Options exercised [Note (a)]	12,150	13,356	608	668
Ordinary shares of A\$0.05 (2009 - A\$0.05) each as at 31 December	503,085	490,935	25,155	24,547

Notes:

- (a) During the year 12,150,000 (2009 - 13,356,000) ordinary shares were issued following the exercise of unlisted employee share options. As at 31 December 2010, the Company had 34,020,000 (2009 - 57,570,000) unlisted options on issue at various exercise prices and expiry dates. The newly issued shares rank pari passu in all respects with the previously issued shares.
- (b) The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

21 Treasury shares

	No. of ordinary shares		Amount	
	2010	2009	2010	2009
	'000	'000	A\$'000	A\$'000
The Company and The Group				
At beginning of year	983	983	1,006	1,006
Repurchased during the year	950	-	1,324	-
At end of the year	1,833	983	2,330	1,006

The Company acquired 950,000 (2009 - Nil) of its own ordinary shares through on-market purchases on the Australian Securities Exchange during the financial year. The total amount paid to acquire the shares was A\$1,324,000 (2009 - A\$Nil) and has been deducted from shareholders' equity. The shares are held as "treasury shares" in accordance with Bermudan corporate law.

NOTES TO THE FINANCIAL STATEMENTS

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22 Reserves

	The Company		The Group	
	No. of ordinary shares		Amount	
	2010	2009	2010	2009
	A\$'000	A\$'000	A\$'000	A\$'000
Share premium	116,150	87,575	116,150	87,575
Non-distributable reserves [Note (i)]	-	-	3,692	2,275
Capital reserve [Note (ii)]	-	-	10	637
Share option reserve [Note (a)]	16,618	22,278	16,618	22,278
Fair value reserve [Note (iii)]	13,580	243	13,580	243
Contributed surplus [Note (iv)]	3,312	3,312	-	-
Exchange fluctuation reserve	-	-	(17,684)	(8,822)
Retained profits	75,508	47,301	168,213	137,470
	225,168	160,709	300,579	241,656

Notes:

- (i) In accordance with the accounting principles and financial regulations applicable to Sino-foreign joint venture enterprises, the subsidiaries in the PRC are required to transfer part of their profit after tax to the "Statutory Reserves Fund", the "Enterprise Expansion Fund" and the "Staff Bonus and Welfare Fund", which are non-distributable, before profit distributions to joint ventures partners. The quanta of the transfers are subject to the approval of the board of Directors of these subsidiaries.

The annual transfer to the Statutory Reserves Fund should not be less than 10% of profit after tax, until it aggregates to 50% of the registered capital. However, foreign enterprises may choose not to appropriate profits to the Enterprise Expansion Fund.

The Statutory Reserves Fund can be used to make good previous years' losses while the Enterprise Expansion Fund can be used for acquisition of property, plant and equipment and financing daily funds required. The Staff Bonus and Welfare Fund is utilised for employees collective welfare benefits and is included in other payables under current liabilities in the consolidated statement of financial position.

- (ii) This arose from the capitalisation of various reserves and retained profits in one of the Sino-foreign joint ventures of the Group. The purpose of the capitalisation is to increase the registered capital of the joint venture.
- (iii) The fair value reserve of the Group represents the changes in fair value of available-for-sale financial assets.
- (iv) The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued for acquisition of the subsidiaries and the aggregate net asset value of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus can be distributable to shareholders under certain circumstances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

22 Reserves (cont'd)

	2010 A\$'000	2009 A\$'000
The Company		
Share premium:		
At 1 January	87,575	76,850
Share options exercised	14,482	3,322
Share premium arising from share options exercised	14,093	7,403
At 31 December	116,150	87,575
Contributed surplus		
At 1 January and 31 December	3,312	3,312
Share option reserve:		
At 1 January	22,278	18,266
Equity settled share-based transactions [Note (a)]	8,432	11,415
Share premium arising from share options exercised	(14,092)	(7,403)
At 31 December	16,618	22,278
Fair value reserve		
At 1 January	243	(2,371)
Fair value gain on available-for-sale financial assets	13,337	2,614
At 31 December	13,580	243
Retained profits		
At 1 January	47,301	56,769
Profit for the year	41,930	5,073
Dividends	(13,723)	(14,541)
At 31 December	75,508	47,301
Total reserves	225,168	160,709

Note:

- (a) This arose from the recognition of share based payments arising from the grant of unlisted options to certain Directors and employees of the Company and its subsidiaries (Note 33).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

23 Borrowings

	2010 A\$'000	2009 A\$'000
The Group		
Non-current		
Other loans, unsecured [note (a)]	452	411
Bank loans, secured [note (b)]	42,645	-
	43,097	411
Current		
Other loans, unsecured [note (c)]	747	411
Bank loans, secured [note (b)]	29,526	-
Bank loans, secured [note (d)]	15,562	501
Other bank borrowings [note (e)]	3,344	-
	49,179	912
	92,276	1,323
Borrowings are repayable:		
Within one year	49,179	912
In the second year	29,526	-
In the third to fifth years, inclusive	13,571	411
	92,276	1,323

Notes:

- (a) The unsecured loans are interest free and are not expected to be repayable within one year.
- (b) The loans are secured by:
- charge over certain bank deposits as disclosed in Note 19 (c); and
 - irrevocable and unconditional corporate guarantees provided by the Company and a subsidiary.
- The loans are repayable in monthly instalments of A\$1,817,000 over 36 months which commenced on 10 May 2010 and further monthly instalments of A\$908,000 over 36 months commenced from 2 September 2010. The weighted average effective interest rate was 3.49% per annum.
- (c) The unsecured loans are interest free and are repayable on demand.
- (d) The loans are secured by charges over certain bank deposits as disclosed in Note 19 (c), and the weighted average effective interest of the bank loan was 8.37% per annum.
- (e) The weighted average effective interest rate of the bank loan was charged at 2.37% per annum and 1.89% per annum for 2009 and 2010 respectively.

The Group's borrowings were denominated in the following currencies:

	2010 A\$'000	2009 A\$'000
The Group		
United States dollar	75,515	-
Renminbi	16,761	1,323
	92,276	1,323

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

23 Borrowings (cont'd)

The weighted average effective interest rates of total borrowings of the Group at the end of the reporting period are as follows:

	2010 A\$'000	2009 A\$'000
The Group		
Bank loans	4.6%	2.7%

The carrying amounts of the Group's borrowings approximate their fair value.

24 Provisions

	2010 A\$'000	2009 A\$'000
The Group		
Rehabilitation		
At beginning of year	3,379	622
Provision made for the year (Note 28)	1,187	3,521
Payments during the year	(1,115)	(764)
At end of year (i)	3,451	3,379
Employee long service leave		
At beginning of year	80	35
Provision made for the year (Note 28)	61	45
At end of year (ii)	141	80
Total (i) + (ii)	3,592	3,459

According to the Mine Management Plan submitted to The Northern Territory Government in Australia, the Group is obligated for the rehabilitation/restoration of areas disturbed arising from mining activities conducted by OM (Manganese) Ltd, a wholly owned subsidiary.

Employees of a subsidiary are entitled, under the labour law of the country of its incorporation, to additional leave over and above their annual leave (known as long service leave) if they remained employed by the subsidiary beyond 10 years. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

25 Trade and other payables

	The Company		The Group	
	2010 A\$'000	2009 A\$'000	2010 A\$'000	2009 A\$'000
Trade payables	-	-	49,511	14,419
Amount due to related parties	45,115	219	-	-
Accruals and other payables	1,006	626	28,091	31,918
Welfare expense payable	-	-	676	519
	46,121	845	78,278	46,856

Included in the amount due to related parties is an amount due to a wholly-owned subsidiary of A\$30,000,000 (2009 - A\$Nil) which bears interest of 3.49% (2009 - Nil) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

26 Derivative financial instruments

	2010		2009	
	Assets A\$'000	Liabilities A\$'000	Assets A\$'000	Liabilities A\$'000
The Group				
Foreign currency forward contracts				
not designated as hedging instruments	-	375	-	-
	Assets A\$'000	Liabilities A\$'000	Assets A\$'000	Liabilities A\$'000
The Company and The Group				
Quoted share options	367	-	-	-

27 Revenue and other income

Revenue is turnover from the sales of goods which represent the invoiced value of goods sold, net of discounts, goods and services tax and other sales taxes.

Other income recognised during the years is as follows:

	2010 A\$'000	2009 A\$'000
The Group		
Gain on bargain purchase	185	-
Interest income from banks	1,227	2,253
Gain on disposal of a subsidiary	1,996	872
Sundry income	164	212
Gain on disposal of available-for-sale financial assets	700	-
Exchange gain, net	12,867	-
	17,139	3,337

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

28 Profit before income tax

	Note	2010 A\$'000	2009 A\$'000
The Group			
Profit before tax has been arrived at after charging/(crediting):			
Amortisation of prepaid lease payment on land use rights	8	30	28
Amortisation of long-term prepayments	9	9	9
Amortisation of mine development costs	11	1,895	1,620
Cost of inventories recognised as expenses #		190,072	167,510
Depreciation of property, plant and equipment	7	11,031	7,998
Equity-settled share-based payments *		8,433	11,415
Exchange losses		-	14,871
Exploration and evaluation costs written off	10	4,327	3,084
Interest expense:			
- bank loans		2,583	405
Loss on disposal of property, plant and equipment		13	93
Loss on disposal of available-for-sale financial assets		-	39
Operating lease charges in respect of land and buildings		153	143
Provision for rehabilitation	24	1,187	3,521
Provision for long service leave	24	61	45
Employees benefits expenses (including Directors' remunerations) (Note 32)		15,458	15,271
Write-back of inventories to net realisable value		-	(33,450)
Fair value loss on derivative financial instruments		375	-

Cost of inventories included amounts of A\$10,741,000 and A\$1,544,000 (2009 - A\$9,453,000 and A\$807,000) related to staff costs and depreciation respectively.

* Included in other operating expenses.

29 Income tax

Provision for enterprise income tax of the subsidiaries operating in the People's Republic of China (the "PRC") is made in accordance with the Income Tax Law of the PRC concerning Foreign Investment Enterprises and Foreign Enterprises and various local income tax laws.

For the Singapore subsidiary, the Singapore Ministry of Trade and Industry approved the award of Global Trade Programme status to the subsidiary and therefore OMS is entitled to a concessionary rate of 10% for a period of 5 years with effect from 1 July 2004, subject to fulfilment of the specific conditions. OMS was awarded the Global Trade Programme for a further five year period from 1 July 2009. OMQ, being a wholly owned foreign enterprise, also enjoyed a concessionary tax rate of 50% of the statutory tax rate in 2010 having satisfied the requirement for such concession in 2010.

Taxation has been provided at the appropriate tax rates prevailing in Australia, Singapore, Hong Kong and the PRC in which the Group operates on the estimated assessable profits for the year. These rates generally range from 17% to 30% for the reporting period. However as noted above, OMS and OMQ enjoyed concessionary tax rates of 10% and 12.5% during the period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

29 Income tax (cont'd)

	2010 A\$'000	2009 A\$'000
The Group		
Current taxation		
- Singapore income tax	3,485	2,112
- PRC tax	1,770	1,265
- Australian tax	4,374	-
	9,602	3,377
Over provision in prior years	(76)	(934)
	9,526	2,443
Deferred taxation (Note 16)		
Origination and reversal of temporary differences	(2,618)	124
Over provision in prior year	(336)	(1,300)
	(2,954)	(1,176)
	6,572	1,267

A reconciliation of the income tax expense applicable to the profit before income tax at the statutory income tax rates to the income tax expense for the reporting period, is as follows:

	2010 A\$'000	2009 A\$'000
The Group		
Profit before income tax	55,323	28,297
Tax at applicable tax rates	13,352	9,362
Utilisation of unrecognised tax losses and temporary differences arising from previous year	(4)	(44)
Tax effect of non-taxable revenue	(3,774)	4,911
Tax effect of non-deductible expenses	431	554
Tax effect of allowances given by tax jurisdiction	(3,021)	1,460
Over provision in prior years	(412)	2,234
Actual tax expense	6,572	1,267

30 Dividends

	2010 A\$'000	2009 A\$'000
The Company and The Group		
Ordinary dividends paid:		
- final dividend of A\$0.02 (2009 - A\$ 0.03) per ordinary share paid in respect of the previous financial year	9,950	14,541
- interim dividend of A\$0.0075 (2009 - A\$Nil) per ordinary share paid in respect of the current financial year	3,773	-
	13,723	14,541

The Board has proposed a final tax-exempt (one-tier) dividend of A\$0.02 per ordinary share amounting to approximately A\$10,062,000 subject to shareholder approval at the Annual General Meeting to be held in April 2011. These financial statements do not reflect this dividend payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

31 Earnings per share

The calculations of the basic and diluted earnings per share attributable to owners of the Company are based on the following data:

	2010 '000	2009 '000
Profit		
Net profit attributable to owners of the Company	47,215	26,933
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	492,784	482,220
Effect of dilutive potential ordinary shares in respect of share options	18,596	24,102
Weighted average number of ordinary shares for the purpose of diluted earnings per share	511,380	506,322

32 Employee benefits expense (including Directors' emoluments)

	2010 A\$'000	2009 A\$'000
Directors' remuneration other than fees		
- Directors of the Company	2,478	2,026
- Directors of the subsidiaries	1,881	1,682
- Defined contributions plans	137	102
Directors' fees	320	545
Key management personnel (other than Directors)		
- Salaries, wages and other related costs	1,282	1,470
- Defined contributions plans	110	93
Other than key management personnel		
- Salaries, wages and other related costs	8,403	8,755
- Defined contributions plans	847	598
	15,458	15,271

33 Employee share option plan

The Company

At the Annual General Meeting held on 25 May 2007, the shareholders approved the introduction of the OM Holdings Limited Employee Share Option Plan, which provided for the grant of unlisted share options to subscribe for shares in the Company to directors and employees of the Company and its subsidiaries. Each option shall be issued for no consideration and allows the option holder to subscribe for one ordinary share in the Company.

There are no participating rights or entitlements inherent in the options and holders of the options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the option.

All other unlisted option issued prior to the introduction of the OM Holdings Limited Employee Share Option Plan have been approved by shareholders including the terms and conditions upon which they have been issued.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

33 Employee share option plan (cont'd)

During the reporting periods, certain of the Group's employees (including directors) have been granted share options. Details of the movements in Company's share options granted were as follows:

	Options 2010 '000	Weighted Average Exercise Price 2010 A\$	Options 2009 '000	Weighted Average Exercise Price 2009 A\$
Outstanding at 1 January	57,570	1.90	72,226	1.61
Expired/lapsed	(11,400)	1.14	(1,300)	2.41
Exercised ⁽¹⁾	(12,150)	1.24	(13,356)	0.30
Outstanding at 31 December	34,020	2.07	57,570	1.90
Exercisable at 31 December	17,220	1.97	24,170	1.63

⁽¹⁾ Consideration received from options exercised during the year was A\$15,090,000 (2009 - A\$3,990,000).

The following table summarises information about options outstanding and exercisable at 31 December 2010:

Exercise Price A\$	Outstanding Options '000	Average Life ⁽²⁾ Years	Exercisable Options '000	Exercise Price A\$
2.58	1,000	2.87	1,000	2.58
2.49	16,000	2.01	7,200	2.49
1.87	4,000	2.00	-	-
1.755	4,000	2.00	-	-
1.64	4,000	2.00	4,000	1.64
1.52	4,000	2.00	4,000	1.52
0.72	1,000	2.45	1,000	0.72
0.30	20	2.33	20	0.30
Total	34,020		17,220	

⁽²⁾ Weighted-average contractual life remaining in years.

Since balance date, 2 million unlisted options exercisable at A\$2.49 each expired on 1 January 2011.

In 2008 the Board and where relevant shareholders of the Company approved the grant of 56,650,000 unlisted options to Directors and employees of the Company and its subsidiaries. The vested amount of A\$11,415,000 and A\$8,433,000 for the year ended 31 December 2009 and 2010 respectively was expensed through the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

33 Employee share option plan (cont'd)

The fair value of equity-settled share options granted during the year ended 31 December 2008 was estimated as at the date of grant using a binominal model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used during the reporting period:

	Share options granted in 2008
Underlying share price	A\$1.30 to A\$2.16
Option exercise price	A\$1.97
Expected volatility	62.87% to 97.25%
Expected option life	1.51 to 5.78
Risk free rate	4.18% to 5.58%
Expected dividend yield	2.51% to 4.14%
Fair value at measurement date	A\$1.24

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Other than stated, no other features of the options granted were incorporated into the measurement of fair value.

Option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a realistic measure of fair value of the Company's share options at the date of the grant or thereafter.

34 Acquisition and disposal of a subsidiary

Acquisition of a subsidiary

In March 2010, the Group acquired 75% of the issued share capital of Guizhou Jiahe Weiye Smelter Co. Ltd ("Jiahe Weiye"), for cash consideration of RMB5,250,000 (equivalent to A\$770,000). The principal activity of Jiahe Weiye was the sales and processing of manganese ores and manganese ferroalloys. Based on the Directors' valuation performed at the date of acquisition, the fair value of the net assets acquired was RMB6,397,000 (equivalent to A\$955,000). The acquisition is expected to provide the Group with access to a production plant as well as the skilled work force of the acquired business, and the synergies expected to be achieved from integrating the acquired entity into the Group's existing production activities. Since the acquisition, Jiahe Weiye contributed revenue of RMB3,551,000 (equivalent to A\$573,000) and the net loss of RMB2,331,000 (equivalent to A\$376,000) to the Group for the year ended 31 December 2010. Had the acquisition taken place on 1 January 2010, the Group's revenue and net profit would have been A\$307,463,000 and A\$49,652,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2010 nor are they intended to be a projection of future results.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

34 Acquisition and disposal of a subsidiary (cont'd)

As at the date of acquisition, the fair values of net identifiable assets acquired were as follows:

	2010 A\$'000	2009 A\$'000
Property, plant and machinery	1,418	-
Cash and cash equivalents	2	-
Gain on bargain purchase	(185)	-
Non-controlling interest	(465)	-
Cash consideration	770	-
Cash and bank balance acquired	(2)	-
Net cash outflow arising from acquisition of a subsidiary	768	-

Disposal of a subsidiary

During the year 2010, a subsidiary of the Group was de-registered. The net assets disposed of were as follows:

	2010 A\$'000	2009 A\$'000
Net assets disposed of		
Goodwill	-	125
Property, plant and machinery	-	2,001
Land occupancy rights	-	133
Trade and other receivables	-	4,771
Inventories	-	4,787
Cash and cash equivalents	1,724	1,472
Trade and other payables	(37)	(5,809)
Interest bearing loans and borrowings	-	(2,146)
Non-controlling interest	-	(2,552)
	1,687	2,782
Gain on disposal	1,996	872
Release of reserves upon disposal	(1,959)	(1,739)
Sales proceeds received	1,724	1,915
Net cash inflow arising on disposal:		
Cash consideration received	1,724	1,915
Cash balance in subsidiary disposed of	(1,724)	(1,472)
	-	443

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

35 Commitments

35.1 Operating lease commitments in respect of office premises

The Group had total future minimum lease payments under non-cancellable operating leases in respect of office premises payable as follows:

	2010 A\$'000	2009 A\$'000
The Group		
Not later than one year	129	147
Later than one year and not later than five years	7	106
	136	253

The leases on the Group's office premises on which rental payment are payable will expire within one to two years subject to options to renew. The current rent payable on the leases are A\$3,531 and A\$10,908 per month respectively which are subject to revision on renewal.

35.2 Other operating lease commitments

Other contracted operating commitments represents the provision of mining and processing services, catering, cleaning and village management, electrical power services, road haulage and rail haulage. These commitments are contracted for but not provided for in the financial statements.

	2010 A\$'000	2009 A\$'000
The Group		
Not later than one year	87,904	88,120
Later than one year and not later than five years	26,111	104,669
Later than five years	431	3,600
	114,446	196,389

35.3 Mineral Tenements

In order to maintain the mineral tenements in which a subsidiary is involved, the subsidiary is committed to fulfil the minimum annual expenditures in accordance with the requirements of the Northern Territory Department of Resources - Primary Industry, Fisheries and Resources, Australia, for the next financial year are set out below:

	2010 A\$'000	2009 A\$'000
The Group		
Mineral tenements commitments	1,123	912

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

35 Commitments (cont'd)

35.4 Capital commitments

The following table summarises the Group's capital commitment:

	The Company		The Group	
	2010	2009	2010	2009
	A\$'000	A\$'000	A\$'000	A\$'000
Capital expenditure contracted but not provided for in the financial statements				
- capital injection to an associate for mine development	-	-	25,587	-
- purchase of interests in an associate	-	63,800	-	63,800
- acquisition of land located in Malaysia and related professional	-	-	19,519	-

35.5 Other commitments

	2010	2009
	A\$'000	A\$'000
The Group		
Monax Mining Limited Farm-in Agreement ⁽¹⁾		
Not later than one year	250	250
Later than one year and not later than five years	1,500	1,750
	1,750	2,000
Archer Exploration Ltd Farm-in Agreement ⁽²⁾		
Not later than one year	75	75
Later than one year and not later than five years	450	525
	525	600
Total	2,275	2,600

In 2009,

⁽¹⁾ A subsidiary signed a A\$2 million Farm-in Agreement with Monax Mining Limited to further explore the Waddikee tenement manganese prospect on South Australia's Eyre Peninsula.

⁽²⁾ A subsidiary signed a A\$0.6 million Farm-in Agreement with Archer Exploration Ltd to further explore the Jamieson Tank manganese prospect on South Australia's Eyre Peninsula.

35.6 Environmental bonds

A subsidiary has environmental bonds to the value of A\$4,200,000 (2009 - A\$4,200,000) lodged with the Northern Territory Government (Department of Resources - Primary Industry, Fisheries and Resources) to secure environment rehabilitation commitments.

36 Contingent liabilities

A subsidiary of the Group (the "Subsidiary") is engaged in a lawsuit in the Supreme Court of Western Australia in respect of a claim by Lonsdale Investments Pty Ltd and Promet Engineers Pty Ltd (together "Promet") against the Subsidiary, and a counterclaim by the Subsidiary against Promet and one of its directors in connection with the design services provided by Promet for a process plant for the Subsidiary's mining operation at Bootu Creek Manganese Mine.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

36 Contingent liabilities (cont'd)

A trial was held in the period of May to August 2010 and the court has reserved the delivery of its judgement in these matters. It is a matter of the Court's discretion as to when the Court delivers its judgement. If the Subsidiary is unsuccessful in its defence of the claims made by Promet, the Subsidiary will have to pay the amount of A\$533,156, together with Promet's legal costs in pursuing the claim. If the Subsidiary is successful in the prosecution of its claim, it will recover the amount up to A\$7,840,151. If it is unsuccessful in proving its claim, it will have to pay Promet's legal costs. In addition, because the Subsidiary did not pursue one of its claims at trial, the Subsidiary is required to pay Promet's costs incurred up to that point in defending that claim. It is not possible to provide an estimate of these costs at this time, because Promet has not advised the Subsidiary of what costs it is seeking. The Directors are of the view that the operational and financial impacts of the legal proceedings against the Group are not material.

There is a dispute between the Subsidiary and the Territory Revenue Office (the "TRO"). The TRO is responsible for administering the Northern Territory Mineral Royalty Act (the "Act"), which is a profit based royalty regime that uses the net value of a mine's production to calculate royalties payable on the recovery of mineral commodities from a mine site. The central issue in the dispute relates to the calculation of the net value in the determination of the gross realisation by the Subsidiary, given that the Subsidiary's sales of manganese products are related party transactions.

The Subsidiary, in consultation with its professional advisers, has proposed a valuation policy and provided supporting transfer pricing reports to the TRO to derive a gross realisation that accords with the requirements of the Act. To date the TRO have not accepted such calculations and has provided an alternative transfer pricing proposal which would result in a greater gross realisation, a greater net value and a greater liability to royalties under the Act. The Subsidiary has advised the TRO that it disagrees with the transfer pricing proposal proposed by the TRO.

As at 31 December 2010, the Subsidiary considers that it is entitled to a refund from the TRO of an amount in the order of A\$6.19 million whereas the TRO may seek to issue assessments that require the Subsidiary to pay an additional A\$3.29 million in royalties up to 31 December 2010. No provision is made in the financial statements as the Directors are confident that the Subsidiary's calculation of gross realisation accords with the requirements of the Act.

37 Related party transactions

The following continuing transactions were carried out with related parties:

	2010 A\$'000	2009 A\$'000
The Group		
Ocean freight charge paid to a company connected with a substantial shareholder	31,881	23,462
Company secretarial fees paid to a company of which a Director is a director and beneficial shareholder	234	267
Legal fees paid to a company of which a Director is a director	89	41
Operating lease charge paid to a minority shareholder of a subsidiary	9	8
The Company		
Company secretarial fees paid to a company of which a Director is a director and beneficial shareholder	234	267
Management fees charged to subsidiaries	5,720	8,820
Interest charged to subsidiaries	8,970	6,805
Interest charged by subsidiary	656	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

37 Related party transactions (cont'd)

Key management personnel remuneration (other than Directors)

Included in staff costs are key management personnel compensation and comprises the following categories:

	2010 A\$'000	2009 A\$'000
Salaries, wages and other related costs	3,163	3,152
Defined contributions plans	237	186
Equity-settled share-based payments	3,351	1,772
	6,751	5,110

38 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern;
- to support the Group's stability and growth;
- to provide capital for the purpose of strengthening the Group's risk management capability; and
- to provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity:

	2010 A\$'000	2009 A\$'000
Borrowings	92,276	1,323
Less: Cash and cash equivalents	(16,070)	(79,708)
	76,206	(78,385)
Total equity	325,903	265,695
Gearing ratio	0.23	-

The Group has complied with the covenants imposed by the bank.

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For the financial year ended 31 December 2010

39 Financial risk management objectives and policies

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

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk during the reporting period. Market risk exposures are measured using sensitivity analysis indicated below.

39.1 Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates and sells its products in several countries and transacts in foreign currencies. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to USD, RMB and SGD.

For the year ended 31 December 2010, the foreign currency forward contracts were entered into for trading purpose, details of which were set out in Note 26. As at 31 December 2010, the settlement dates on open foreign currency forward contracts were 4 months.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, RMB and SGD exchange rates against A\$, with all other variables held constant, of the Group's profit after income tax and equity.

		The Group			
		2010		2009	
		Profit net of tax	Equity	Profit net of tax	Equity
		A\$'000	A\$'000	A\$'000	A\$'000
United States dollars	- strengthened 5% (2009 - 5%)	(4,932)	(4,407)	1,107	928
	- weakened 5% (2009 - 5%)	4,932	4,407	(1,107)	(928)
RMB	- strengthened 5% (2009 - 5%)	596	589	(6)	(6)
	- weakened 5% (2009 - 5%)	(596)	(589)	6	6
SGD	- strengthened 5% (2009 - 5%)	8	8	109	100
	- weakened 5% (2009 - 5%)	(8)	(8)	(109)	(100)

39.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, cash and cash equivalents and other financial assets. The carrying amounts of these financial assets presented in the consolidated statement of financial position are net of impairment losses. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

39 Financial risk management objectives and policies (cont'd)

39.2 Credit risk (cont'd)

In respect of trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. Normally, the Group does not obtain collateral from other customers. For further detail refer to Note 18.

The Group has deposited its cash with various banks. The credit risk on bank deposits at escrow account, and cash and bank balances is limited as the Group's cash and bank balances are held with reputable financial institutions.

For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

The policies to manage credit risk have been followed by the Group during the reporting period and are considered to have been effective.

39.3 Liquidity risk

Liquidity risk relates to the risk that the Group and the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of fund and flexibility through the use of stand-by credit facilities.

The liquidity policies have been followed by the Group and the Company during the reporting periods and are considered to have been effective in managing liquidity risks.

The tables below summarise the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted payments:

	As at 31 December 2010			
	Less than 1 year A\$'000	Between 2 and 5 years A\$'000	Over 5 years A\$'000	Total A\$'000
Non-derivative financial liabilities				
Trade and other payables	78,278	-	-	78,278
Provisions	-	-	3,592	3,592
Borrowings	49,179	43,097	-	92,276
	127,457	43,097	3,592	174,146
Derivative financial liabilities				
Gross settled forward foreign exchange contracts	375	-	-	375

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

39 Financial risk management objectives and policies (cont'd)

39.3 Liquidity risk (cont'd)

	As at 31 December 2010			
	Less than 1 year A\$'000	Between 2 and 5 years A\$'000	Over 5 years A\$'000	Total A\$'000
The Group				
Non-derivative financial liabilities				
Trade and other payables	46,856	-	-	46,856
Provisions	-	-	3,459	3,459
Borrowings	912	411	-	1,323
	47,768	411	3,459	51,638
As at 31 December				
				2010
				2009
The Company			A\$'000	A\$'000
Trade and other payables				
- less than one year			46,121	845

39.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instrument will fluctuate because of changes in market interest rates. All of the Group's and Company's interest bearing financial assets and liabilities carry fixed interest rates and are therefore not exposure to any interest rate risk.

39.5 Market price risk

Market price risk relates to the risk that the fair values or future cash flows of the Group's or the Company's financial instrument will fluctuate because of changes in market prices, other than changes in interest rates and foreign exchange rates. The Group and the Company are exposed to change in market prices relating to its equity investments quoted on the ASX in Australia that classified as "available-for-sale financial assets".

The policies to manage equity price risk have been followed by the Group during the reporting periods and are considered to be effective.

Market price sensitivity

At the end of each reporting period, if the market share price has been 2% higher/lower, with all the other variables held constant, the Group's fair value reserve in equity would have been A\$209,000 and A\$1,936,000 higher/lower as at 31 December 2009 and 2010 respectively, arising as a result of increase/decrease in the fair value of the Group's and the Company's available-for-sale financial assets. The Group's and the Company's sensitivity to the market price has not changed significantly during the reporting period.

40 Financial instruments

Fair value measurements recognised in the consolidated statement of financial position

The Group adopted the amendments to IFRS 7 Improving Disclosures about Financial Instruments effective from 1 January 2009. These amendments introduced a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into fair value hierarchy as follows:

	Note	Level 1 A\$'000	Level 2 A\$'000	Level 3 A\$'000	Total A\$'000
The Group					
At 31 December 2010					
Assets					
Available-for-sale financial assets	(a)	96,448	-	-	96,448
Quoted share options	(a)	367	-	-	367
		96,815	-	-	96,815
Liabilities					
Forward foreign exchange contracts	(b)	-	375	-	375

The Company

At 31 December 2010

Assets					
Available-for-sale financial assets	(a)	96,448	-	-	96,448
Quoted share options	(a)	367	-	-	367
		96,815	-	-	96,815

The Group and The Company

At 31 December 2009

Assets					
Available-for-sale financial assets	(a)	10,457	-	-	10,457

There have been no significant transfers between levels 1 and 2 in the reporting periods. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

40 Financial instruments (cont'd)

The methods and valuations techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods:

(a) Listed securities

The listed equity securities are denominated in A\$. Fair values have been determined by reference to their quoted bid prices at the reporting date.

(b) Foreign currency forward contracts

The fair value of forward exchange contracts is based on their listed market price, if applicable. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

Categories of financial assets and liabilities

The carrying amounts of the Group's and the Company's financial assets and liabilities as presented in the consolidated statements of financial position are categorised as follows:

	As at 31 December	
	2010 A\$'000	2009 A\$'000
The Group		
Financial assets:		
Available-for-sale financial assets	96,448	10,457
Derivative financial assets	367	-
At amortised cost		
- Trade and other receivables	31,396	22,265
Cash collateral	26,050	9,392
Cash and cash equivalents	16,070	79,708
	170,331	121,822
Financial liabilities:		
Derivative financial liabilities - foreign currency forward contracts	375	-
At amortised cost		
- Trade and other payables	78,278	46,856
- Borrowings	92,276	1,323
- Provisions	3,592	3,459
	174,521	51,638
The Company		
Financial assets:		
Available-for-sale investments	96,448	10,457
Derivative financial assets	367	-
At amortised cost		
- Other receivables	74,378	18,339
Cash and cash equivalents	5,311	46,582
	176,504	75,378
Financial liabilities:		
At amortised cost		
- Other payables	46,121	845

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

41 Comparative figures

Certain comparative information has been reclassified to conform with current year's presentation as follows:

	As restated	As previously reported
	A\$'000	A\$'000
The Group		
Consolidated statement of comprehensive income		
Cost of sales	(167,510)	(185,372)
Other income	3,337	21,199

42 Events after reporting date

- (i) Subsequent to 31 December 2010, the Company participated in a share placement in ASX listed exploration company, Shaw River Resources Limited, subscribing to an additional 8.2 million ordinary shares at A\$0.135 per share. Following the share placement and combined with its existing holding, the Company holds an 11% equity interests in this investment.
- (ii) A binding term sheet dated 8 February 2011 was executed between the Company (as lender) and Kiruna Iron AB ("Kiruna"), a wholly-owned subsidiary of ASX listed explorer, Scandinavian Resources Limited ("SCR") (as borrower), in connection with a loan facility provided by the Company of up to A\$5,000,000 for the acquisition of new potential iron ore tenements and assets and to fund exploration works programs for iron within the tenements and joint ventures held by Kiruna. Under the loan arrangement, the Company can elect to convert the total amount of loan drawn by Kiruna (including interest owed at the relevant time) to fully paid ordinary shares in SCR, at a conversion rate of one share of SCR for every A\$0.66 drawn down or owed. As at the date of signing the financial statements no amounts had been drawn down with respect to the loan.
- (iii) The Company is in the process of seeking a dual listing on the Hong Kong Stock Exchange.

CORPORATE GOVERNANCE STATEMENT

OM Holdings Limited (“the Company”) is committed to implementing and maintaining the highest standards of corporate governance. In determining what those high standards should involve, the Company has turned to the ASX Corporate Governance Council’s second edition of its Corporate Governance Principles and Recommendations (August 2007). The ASX Listing Rules require the Company to report on the extent to which it has followed the recommendations published by the ASX Corporate Governance Council.

This statement outlines the main corporate governance practices in place during the financial year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

Further information about the Company’s corporate governance practices are set out on the Company’s website at www.omholdingsltd.com

The Board of Directors of OM Holdings Limited is responsible for its corporate governance, that is, the system by which OM Holdings Limited and its subsidiaries (“OMH Group”) is managed.

1. BOARD OF DIRECTORS

1.1 Role of the Board and Management

The Board’s role is to govern the OMH Group. In governing the OMH Group, the Directors must act in the best interests of the OMH Group as a whole. It is the role of senior management to manage the OMH Group in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the OMH Group. The Board must also ensure that the OMH Group complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the OMH Group.

To assist the Board to carry out its functions, it has developed a Code of Conduct to guide the Directors and key executives in the performance of their roles. The Code of Conduct is available on the Company’s website at www.omholdingsltd.com

The Board represents shareholders’ interests in relation to optimising its manganese mining operation, marketing and trading business, ferro alloy smelter and sinter ore facility and managing its strategic investments in the carbon steel materials business. This fully integrated strategy seeks to achieve medium to long-term financial gains for shareholders. By adopting this approach the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the OMH Group is managed in such a way to best achieve this desired result. Given the size of the OMH Group’s mining, smelting, marketing and trading activities, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the OMH Group, establishing goals for management and monitoring the achievement of these goals. The Executive Chairman and Chief Executive Officer are responsible to the Board for the day-to-day management of the OMH Group.

The Board has sole responsibility for the following:

- Appointing and removing the Chief Executive Officer, any other executive director and the Company Secretary and determination of their remuneration and conditions of service;
- Determining the strategic direction of the OMH Group and measuring performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating (including production), capital and development expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;

- Monitoring the OMH Group's medium term capital, exploration and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the OMH Group's financial affairs;
- Appointing the external auditors of the OMH Group;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements;
- Authorising the issue of shares, options, equity instruments or other securities;
- Authorising borrowings, other than in the ordinary course of business, and the granting of any security over the undertakings of the OMH Group or any of its assets;
- Approving the acquisition, establishment, disposal or cessation of any significant business of the OMH Group; and
- Ensuring that policies and compliance systems consistent with the OMH Group's objectives and best practice are in place and that the OMH Group and its officers act legally, ethically and responsibly on all matters.

The Board's role and the OMH Group's corporate governance practices are being continually reviewed and improved as the OMH Group's businesses further expand.

The Board may from time to time, delegate some of its responsibilities listed above to its senior management team.

The Chief Executive Officer is responsible for managing the operational business of the OMH Group (in accordance with the requirements of his Executive Service Agreement) under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his responsibilities the Chief Executive Officer must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the OMH Group's operational results and financial position.

The role of management is to support the Executive Chairman and Chief Executive Officer and implement the running of the general operations and financial business of the OMH Group, in accordance with the delegated authority of the Board.

1.2 Composition of the Board

To add value to the OMH Group, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are disclosed in the Directors section of the Annual Report. Directors are appointed based on the specific governance skills required by the OMH Group and on the independence of their decision-making and judgment.

The OMH Group recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Tan Peng Chin, Mr Wong Fong Fui and Mr Thomas Teo Liang Huat are Non-Executive Directors who are considered to be independent. Ms Julie Wolseley is also a Non-Executive Director but is not viewed as independent due to her also providing company secretarial services to the OMH Group. However the value of the services provided are not as a material supplier to the Company.

As the OMH Group's activities increase in size, nature and scope the size of the Board will be reviewed and the optimum number of directors required for the Board to properly perform its responsibilities and functions will continue to be re-assessed.

The Company's current Chairman, Mr Low is considered by the Board to not be independent in terms of the ASX Corporate Governance Council's definition of independent director.

The Board considers that Mr Low's position as Executive Chairman is appropriate given his world wide experience and specialised understanding of the global manganese industry. However the Board believes that Mr Low has the range of skills, knowledge, and experience necessary to effectively govern the Company and understand the economic sectors in which the Company operates. In addition, it should be noted that Mr Low is a substantial and longstanding shareholder of the Company and, as such, is able to clearly identify with the interests of shareholders as a whole.

Mr Peter Ivan Toth is the OMH Group Chief Executive Officer who is a full-time employee of the Company and who has the specialised experience and expertise considered of benefit to the OMH Group and its activities.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the OMH Group's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting. Under the OM Holdings Limited Bye-laws the tenure of Directors (other than Chief Executive Officer) is subject to re-appointment by shareholders not later than the third anniversary following his/her last appointment. Subject to the requirements of the law, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Chief Executive Officer may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the OMH Group. It is required to do all things that may be necessary to be done in order to carry out the objectives of the OMH Group.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

1. Leadership of the OMH Group - overseeing the OMH Group and establishing codes that reflect the values of the OMH Group and guide the conduct of the Board, management and employees.
2. Strategy Formulation - working with senior management to set and review the overall strategy and goals for the OMH Group and ensuring that there are policies in place to govern the operation of the OMH Group.
3. Overseeing Planning Activities - overseeing the development of the OMH Group's strategic plans (including operating, capital, exploration and development programmes and initiatives) and approving such plans as well as the annual budget.
4. Shareholder Liaison - ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
5. Monitoring, Compliance and Risk Management - overseeing the OMH Group's risk management, compliance, control and accountability systems and monitoring and directing the operational and financial performance of the OMH Group.
6. OMH Group Finances - approving expenditure in excess of that which falls outside the approved authority matrix, approving expenditure materially outside the annual budget and approving and monitoring acquisitions, divestments and financial and other reporting.
7. Human Resources - appointing, and where appropriate, removing the Chief Executive Officer as well as reviewing the performance of the Chief Executive Officer and monitoring the performance of senior management in their implementation of the OMH Group's strategy.
8. Ensuring the Health, Safety and Well-Being of Employees - in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the OMH Group's occupational health and safety systems to ensure the well-being of all employees.
9. Delegation of Authority - delegating appropriate powers to the Chief Executive Officer to ensure the effective day-to-day management of the OMH Group and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a summary of which is contained on the Company's website.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the OMH Group; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per law, absent himself/herself from the room when discussion and/or abstain from voting on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the OMH Group.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the OMH Group have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Independent Professional Advice

The Board collectively and each Director has the right to seek independent legal, accounting or other independent professional advice at the OMH Group's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.5 Board Access to Information

Subject to the Directors' Conflict of Interest guidelines referred to in Section 1.4.1 above, Directors have direct access to members of the Company's management and to Company information in the possession of management.

1.4.6 Related Party Transactions

Related party transactions include any financial transaction between a Director and the OMH Group. Unless there is an exemption under the Bermuda Companies Act or the Corporations Act or any other relevant laws from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.5 Board Meetings

The Executive Chairman, in conjunction with the Chief Executive Officer and Company Secretary, sets the agenda for each meeting. Any Director may request matters be included on the agenda.

Typically at Board Meetings the agenda will include:

- minutes of the previous Board meeting and matters arising;
- the Executive Chairman's Report;
- the Chief Executive Officer's Report;
- the Chief Financial Officer's Report;
- Operating and financial reports from each key business unit;
- Reports on major projects and current issues; and
- Specific business proposals

CORPORATE GOVERNANCE STATEMENT

The number of meetings of the Company's Directors held in the period each Director held office during the financial year and the number of meetings attended by each Director were:

Director	Board of Directors' Meetings		Short Notice Meetings	
	<i>Held</i>	<i>Attended</i>	<i>Held</i>	<i>Attended</i>
Low Ngee Tong	4	4	16	16
Peter Ivan Toth	4	4	16	16
Julie Wolseley	4	4	16	16
Tan Peng Chin	4	4	16	16
Wong Fong Fui	4	1	16	16
Thomas Teo	4	4	16	16
Ong Beng Chong ⁽ⁱ⁾	2	2	7	7

⁽ⁱ⁾ Mr Ong Beng Chong resigned with effect on 30 June 2010.

During the financial year there were four general Directors' meetings for which formal notice of meeting was given. In addition, there were sixteen Directors' meetings called for specific purposes.

2. BOARD COMMITTEES

Save for the Committees mentioned in Sections 2.1 and 2.2 below, the Board considers that the OMH Group's affairs are not complex to justify the formation of numerous special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the OMH Group's activities and to ensure that it adheres to appropriate ethical standards.

The Board has however established a framework for the management of the OMH Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the OMH Group's activities increase in size, scope and nature, the appointment of separate or special committee's will be reviewed by the Board and implemented if appropriate.

2.1 Audit Committee

To ensure the integrity of the financial statements of the OMH Group and the independence of the external auditor, an Audit Committee has been formally established. The Audit Committee comprises Mr Thomas Teo Liang Huat (chairman of the Audit Committee who is an independent Non-Executive Director) and Ms Julie Wolseley (who is a Non-Executive Director). Both Audit Committee members have had extensive financial expertise to discharge the Audit Committee's mandate. The Board expects to appoint a further independent Non-Executive Director to the Audit Committee during 2011.

During the year ended 31 December 2010 the Audit Committee had four meetings and all committee members were in attendance.

The Audit Committee is responsible for reviewing the annual and half-yearly financial statements and any reports which accompany published financial statements.

The Board in conjunction with the Audit Committee considers the appointment of the external auditor and reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal. The Audit Committee also reviews the scope of work of the internal audit function and reviews the internal audit reports tabled by the internal auditors. The Board is responsible for establishing policies on risk oversight and management.

The role of the Audit Committee is to assist the Board to meet its oversight responsibilities in relation to the company's financial reporting, compliance with legal and regulatory requirements, internal control structure and the external audit function.

Key activities undertaken by the Audit Committee include:

- approval of the scope, plan and fees for the external audit;
- review of the independence and performance of the external auditor;
- review of significant accounting policies and practices;
- appointment of the internal auditor and approving the scope, plan and fees for the internal auditor; and
- review the Group's half year and annual financial statements.

Members of the Audit Committee and their qualifications are outlined in the Directors section of the Annual Report.

The Audit Committee Charter is available on the OMH website.

2.2 Remuneration Committee

The Remuneration Committee reviews and makes recommendations to the Board on remuneration policies applicable to executive officers and Directors of the OMH Group. The Remuneration Committee comprises Mr Tan Peng Chin (chairman of the Remuneration Committee), Ms Julie Wolseley and Mr Thomas Teo Liang Huat, all being Non-Executive Directors. Messrs Tan and Teo are independent Non-Executive Directors.

The role of the Remuneration Committee is to assist the Board in reviewing human resources and compensation policies and practices which:

- enable the Company to attract, retain and motivate employees who achieve operational excellence and create value for shareholders; and
- reward employees fairly and responsibly, having regard to the results of the OMH Group, individual performance and general remuneration conditions.

The Remuneration Committee works with the Board on areas such as setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Executive Chairman and the Chief Executive Officer, reviewing superannuation arrangements, reviewing the remuneration of Non-Executive Directors and undertaking an annual review of the Chief Executive Officer's performance.

During the year ended 31 December 2010 the Remuneration Committee met once and all committee members were in attendance.

The OMH Group is committed to remunerating its senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. The Board also administers the OM Holdings Limited Employee Share Option Plan approved by shareholders on 25 May 2007.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. The annual aggregate amount of remuneration paid to Non-Executive Directors was last approved by shareholders on 30 May 2008 and is currently A\$750,000.

2.3 Nomination Committee

The OMH Group does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the OMH Group on specific issues.

The responsibilities of the Board in its entirety include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Board also oversees management succession plans including the Chief Executive Officer and his direct reports and evaluates the Board's performance and makes recommendations for the appointment and removal of Directors.

Directors are appointed based on the specific governance skills required by the OMH Group. Given the size of the OMH Group and the business that it operates, the OMH Group aims at all times to have at least one Director with experience in the metals trading and mining industries, appropriate to the OMH Group's market. In addition, Directors should have the relevant blend of personal experience in:

- accounting and financial management;
- legal skills;
- technical skills; and
- Chief Executive Officer - business experience and acumen.

3. ETHICAL STANDARDS

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the OMH Group.

3.1 Code of Conduct for Directors and Key Executives

The Board has adopted a Code of Conduct for Directors and key executives to promote ethical and responsible decision-making as per Recommendation 3.1. This code outlines how OMH expects its Directors and employees and its related bodies corporate to behave and conduct business in the workplace on a range of issues. The OMH Group is committed to the highest level of integrity and ethical standards in all business practices. Directors and employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

A summary of the Company's Code of Conduct is available on the Company's website.

All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

3.2 Code of Ethics and Conduct

The OMH Group has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the OMH Group.

All Directors and employees are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse OMH Group information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the OMH Group's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must advise that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

As part of its commitment to recognising the legitimate interests of stakeholders, the OMH Group has established the Code of Ethics and Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, customers, government authorities, creditors and the community as whole. This Code includes the following.

Responsibilities to Shareholders and the Financial Community Generally

The OMH Group complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The OMH Group has processes in place designed to ensure the truthful and factual presentation of the OMH Group's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and international financial reporting standards.

Employment Practices

The OMH Group endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the OMH Group. The OMH Group does not tolerate the offering or acceptance of bribes or the misuse of OMH Group assets or resources.

Responsibilities to the Community

As part of the community the OMH Group:

- is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs; and
- encourages all employees to engage in activities beneficial to their local community.

Responsibilities to the Individual

The OMH Group is committed to keeping private information confidential which has been provided by employees and investors and protect it from uses other than those for which it was provided.

Conflicts of Interest

Employees and Directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the OMH Group.

How the OMH Group Monitors and Ensures Compliance with its Code

The Board, management and all employees of the OMH Group are committed to implementing this Code of Ethics and Conduct and each individual is accountable for such compliance.

Disciplinary measures may be imposed for violating the Code.

4. KEY MANAGEMENT PERSONNEL DEALING IN COMPANY SHARES

The Company has a formal trading policy as required by Recommendation 3.2 titled: Securities Trading Policy. This policy applies to key management personnel (including Directors) of OM Holdings Limited.

The Company's policy imposes basic trading restrictions on all key management personnel with 'inside information', as well as additional trading restrictions on key management personnel. A summary of the Company's Securities Trading Policy is available on the Company's website.

The policy stipulates that the only appropriate time for key management personnel to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market. Key management personnel wishing to deal in the Company's securities may only do so after first having advised the Executive Chairman of his or her intention and obtaining written acknowledgement beforehand.

Key management personnel are restricted from trading in the Company's securities at least:

- 4 weeks prior to the release of any Quarterly Market Update Reports by the Company, (generally released towards the end of the month following the end of each calendar quarter ie around 31 January, 30 April, 31 July and 31 October); and
- the earlier of 4 weeks prior to the date of the Board Meeting for the approval of the Company's interim and annual results announcements or the deadline for the Company to publish its interim or annual results announcements and ending one day after the results announcement, unless the circumstances are exceptional and prior written approval has been obtained,

but regardless, may only trade in the Company securities if they are not in possession of “inside information”.

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the ASX Listing Rules, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of the key management personnel's' services.

OMH's Securities Trading Policy applies to all key management personnel. This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for, or are associated with, OMH and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

It is a condition of the Securities Trading Policy that key management personnel must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Executive Chairman or in the case of the Executive Chairman wishing to enter into such transactions the approval of the Board.

Key management personnel are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Without prior written approval, key management personnel should not enter into agreements that provide lenders with rights over their interests in the Company's shares and options such as the disposal of OMH shares or options that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement. Before entering into such arrangements key management personnel must receive clearance in writing from the Executive Chairman as if they were dealing in the Company's securities.

5. DISCLOSURE OF INFORMATION

5.1 Continuous Disclosure to ASX

The Company has a formal Continuous Disclosure and Information Policy as required by Recommendation 5.1. This policy was introduced to ensure that OMH achieves best practice in complying with its continuous disclosure obligations under the ASX Listing Rules and ensuring the Company and individual officers do not contravene the ASX Listing Rules.

OMH is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by OMH.

The Chief Executive Officer is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

The Continuous Disclosure Policy requires all executives and Directors to inform the Chief Executive Officer or in his absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

5.2 Communication with Shareholders

The Company places considerable importance on effective communications with shareholders. Directors recognise that shareholders, as the ultimate owners of the company, are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares.

The Company aims to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the OMH Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the OMH Group is provided to shareholders.

OMH Group's Continuous Disclosure Policy encourages effective communication with its shareholders by requiring:

- the disclosure of full and timely information about the OMH Group's activities in accordance with the disclosure requirements contained in the ASX Listing Rules;
- all information released to the market to be placed on the OMH website following release;
- the Company's market announcements to be maintained on OMH's website for at least three years; and
- that all disclosures, including notices of meetings and other shareholder communications, are drafted clearly and concisely.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the OMH Group's strategy and goals. Copies of the addresses by the Chairman and CEO are disclosed to the market and posted to the Company's website.

The Company's external auditor attends the Company's AGM to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

OMH's significant briefings with major institutional investors and analysts, are lodged with the ASX and are made available on OMH's website. Presentation material from significant briefings or management speeches is also lodged with ASX and posted to the website.

6. RISK MANAGEMENT

6.1 Approach to Risk Management and Internal Control

The Board recognises that risk management and internal compliance and control are key elements of good corporate governance.

The OMH Group's Risk and Internal Control policy describes the manner in which OMH:

- identifies, assesses, monitors and manages business risks;
- identifies material changes to the Company's risk profile; and
- designs, implements and monitors the effectiveness of the internal compliance and control framework.

OMH considers that effective risk management is about achieving a balanced approach to risk and reward. Risk management enables the company to capitalise on potential opportunities while mitigating potential adverse effects. Both mitigation and optimisation strategies are considered equally important in risk management.

6.2 Risk Management Roles and Responsibilities

The Board is responsible for reviewing and approving OMH risk management strategy, policy and key risk parameters, including determining the Group's appetite for country risk and major investment decisions.

The Board is also responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Board has delegated oversight of the risk and internal control policy, including review of the effectiveness of OMH's internal control framework and risk management process, to the key executive management team in conjunction with the Board.

Management is responsible for designing, implementing, reviewing and providing assurance as to the effectiveness of the policy. This responsibility includes developing business risk identification, implementing appropriate risk treatment strategies and controls, monitoring effectiveness of controls and reporting on risk management capability.

Each business unit reports annually to the Board on its business plan, risk profile and management of risk.

The Board is responsible for the oversight of the OMH Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the OMH Group with the Chief Executive Officer and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.

6.3 Internal Audit

Since 2009 BDO Consultants Pte Ltd has been engaged to provide internal audit services to the OMH Group.

The internal audit function is independent of both business management and of the activities it reviews. Internal audit provides assurance that the design and operation of the OMH Group's risk management and internal control system is effective. A risk-based audit approach is used to ensure that the higher risk activities in each business unit are targeted by the internal audit program. All audits are conducted in a manner that conforms to international auditing standards. The assigned internal audit team has all the necessary access to OMH Group management and information.

The Audit Committee oversees and monitors the internal auditor's activities. It approves the annual audit program and receives reports from internal auditor concerning the effectiveness of internal control and risk management. The Audit Committee members have access to the internal auditors without the presence of other management. The internal auditor has unfettered access to the Audit Committee and its chairman.

Internal audit and external audit are separate and independent of each other.

6.4 Integrity of Financial Reporting

The OMH Group's Chief Executive Officer and Chief Financial Officer report in writing to the Board that:

- the financial statements of the OMH Group for each half and full year present a true and fair view, in all material aspects, of the OMH Group's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the OMH Group's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

6.5 Role of External Auditor

The OMH Group's practice is to invite the auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Board seeks to ensure that the appointment of the external auditor is limited to maintaining the independence of the external auditor and to assess whether the provision of any non-audit services by the external auditor that may be proposed is appropriate.

The services considered not acceptable for provision by the external auditor include:

- internal audit;
- acquisition accounting due diligence where the external auditor is also the auditor of the other party;
- transactional support for acquisitions or divestments where the external auditor is also the auditor of the other party;
- book-keeping and financial reporting activities to the extent such activities require decision-making ability and/or posting entries to the ledger;
- the design, implementation, operation or supervision of information systems and provision of systems integration services;
- independent expert reports;
- financial risk management; and
- taxation planning and taxation transaction advice.

It is a requirement that there is a rotation of the external audit partner at least every five years and there is a prohibition in relation to the re-involvement of a previous audit partner in the audit service for two years following rotation.

7. ENCOURAGE ENHANCED PERFORMANCE

Board and management effectiveness are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature of the matter.

The Board has adopted a self-evaluation process to measure its own performance during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the Directors.

The performance of all Directors is reviewed by the Executive Chairman on an ongoing basis and any Director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other Board members.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Director's performance during the course of the year. Those guidelines include:

- attendance at all Board meetings. Missing more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed; and
- attendance at the Company's Shareholder Meetings. Non-attendance without reasonable excuse will result in that Director's position being reviewed.

The performance of each Director retiring at the next Annual General Meeting is taken into account by the Board in determining whether or not the Board should support the re-election of the Director. Board support for a Director's re-election is not automatic and is subject to satisfactory Director performance.

Arrangements put in place by the Board to monitor the performance of the OMH Group's Executive Directors and senior executives include:

- a review by the Board of the OMH Group's financial performance;
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual; and
- regular reporting from the Chief Executive Officer which monitors the performance of the Company's executives to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the OMH Group.

The Remuneration Committee reviews and makes recommendations to the Board on the criteria for and the evaluation of, the performance of the Executive Chairman and the Chief Executive Officer.

Executive Remuneration Policy

The OMH Group's remuneration policy aims to reward executives fairly and responsibly in accordance with the international market and ensure that OMH:

- provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- sets demanding levels of performance which are clearly linked to an executive's remuneration;
- structures remuneration at a level that reflects the executive's duties and accountabilities and is where required competitive within Australia and, for certain roles, internationally;
- benchmarks remuneration against appropriate comparator groups;
- aligns executive incentive rewards with the creation of value for shareholders; and
- complies with applicable legal requirements and appropriate standards of governance.

Executive remuneration is reviewed annually having regard to individual and business performance (compared against agreed financial and non-financial performance measures set at the start of the year), relevant comparative information and expert advice from both internal and independent external sources.

Remuneration consists of the following key elements:

- Fixed remuneration (which includes base salary, superannuation contributions or equivalents and other allowances such as motor vehicle and health insurance);
- Variable annual reward (related to OMH and/or individual performance dictated by benchmark criteria); and
- Issuance of unlisted options

The operational targets for the Executive Directors and Senior Executives consist of a number of key performance indicators including safety, production, operating expenditure, return to shareholders' funds, enhancing corporate credibility and creation of value for shareholders.

At the end of the calendar year the Board assesses the actual performance of the consolidated entity and individual against the key performance indicators previously set. Any cash incentives and/or options granted require Board approval. Options proposed to be granted to any Directors also require shareholder approval.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors. The Board seeks independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages include fixed remuneration with bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the OMH Group.

As OMH is incorporated in Bermuda it is not required to disclose the nature and amount of remuneration for each Director. However in the interests of good corporate governance the following table provides the details of all Directors of the Company and the nature and amount of the elements of their remuneration for the year ended 31 December 2010.

Director	Base Remuneration	Primary Directors Fees	Performance Bonus	Post Employment Defined Contributions	Equity Compensation Employee share option benefits	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Low Ngee Tong	477	-	919	6	-	1,402
Peter Ivan Toth	597	-	239	-	4,920 ⁽ⁱ⁾	5,756
Julie Wolseley	-	80	-	-	-	80
Tan Peng Chin	-	80	-	-	-	80
Wong Fong Fui	-	80	-	-	-	80
Thomas Teo	-	80	-	-	-	80
Ong Beng Chong ⁽ⁱⁱ⁾	199	-	47	4	-	250
	1,273	320	1,205	10	4,920	7,728

⁽ⁱ⁾ Relates primarily to 4,000,000 unlisted options at an exercise price of A\$1.64 each which were issued to Mr. Toth on 17 October 2008 and which vested during the financial year ended 31 December 2010.

⁽ⁱⁱ⁾ Mr Ong Beng Chong resigned with effect on 30 June 2010.

8. RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

The Company has introduced a formal Privacy Policy. The Company is committed to respecting the privacy of stakeholders' personal information. This Privacy Policy sets out the Company's personal information management practices and covers the application of privacy laws, personal information collection, the use and disclosure of personal information, accessing and updating stakeholders' information and the security of stakeholders' information.

Other than the introduction of a formal Privacy Policy, the Board has not adopted any other additional formal codes of conduct to guide compliance with legal and other obligations to legitimate stakeholders, as it considers, in the context of the size and nature of the Company, that it would not improve the present modus operandi.

Subject to the exceptions outlined below the Company has adopted the ASX Corporate Governance Council's Principles and Recommendations.

CORPORATE GOVERNANCE STATEMENT

Recommendation Reference	Notification of Departure	Explanation for Departure
2.1	A majority of the Board should be independent directors	The Board at present is made up of six Directors of which four are Non-Executive Directors including three which are independent. Refer Section 1.2 of the Corporate Governance Statement. While the Board strongly endorses the position that boards need to exercise independence of judgment, it also recognises (as does ASX Corporate Governance Council Principle 2) that the need for independence is to be balanced with the need for skills, commitment and a workable board size. The Board believes it has recruited members with the skills, experience and character to discharge its duties and that any greater emphasis on independence would be at the expense of the Board's effectiveness. Messrs Low and Toth are Executive Directors whilst Messrs Tan, Wong and Teo are all Independent Non-Executive Directors within the ASX Corporate Governance Council's guidelines. Ms Wolseley is a Non-Executive Director who is not viewed to be independent as she provides company secretarial services to the Company. However the value of the services provided are not as a material supplier to the Company. In particular Mr Low is an initial founding Director of the Company and was a major force in the Company's evolution and success and the technical, commercial and financial experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain in his position. At present the Company believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board Meeting before commencement of discussion on the topic.
2.2	The chair should be an independent director	The Company's current Chairman, Mr Low is considered by the Board to not be independent in terms of the ASX Corporate Governance Council's definition of independent director. Refer Section 1.2 of the Corporate Governance Statement. The Board considers that Mr Low's position as Executive Chairman is appropriate given his world wide experience and specialised understanding of the global manganese industry. However the Board believes that Mr Low has the range of skills, knowledge, and experience necessary to effectively govern the Company and understand the economic sectors in which the Company operates. In addition, it should be noted that Mr Low is a substantial and longstanding shareholder of the Company and, as such, is able to clearly identify with the interests of shareholders as a whole.

Recommendation Reference	Notification of Departure	Explanation for Departure
2.4	A separate Nomination Committee should be established.	The Board considers that the Company currently cannot justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.
4.2	The structure of the Audit Committee should consist of a majority of independent directors and at least 3 members	The Audit Committee at present is made up of two Non-Executive Directors and the chairman of the Audit Committee is independent. Refer Section 2.1 of the Corporate Governance Statement. The Board considers Mr Teo and Ms Wolseley both have technical expertise to discharge the Audit Committee's mandate effectively.

As the Company's activities increase in size, scope and/or nature the Company's corporate governance principles will continue to be reviewed by the Board and amended as appropriate.

ASX ADDITIONAL INFORMATION

Pursuant to the listing requirements of the Australian Securities Exchange ("ASX"), the shareholder information set out below was applicable as at 22 March 2011.

1. SHAREHOLDER INFORMATION

A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Distribution	Number of Shareholders	Number of Ordinary Shares	% of Issued Capital
1 - 1,000	377	181,581	0.04
1,001 - 5,000	666	1,932,438	0.38
5,001 - 10,000	340	2,730,568	0.54
10,001 - 100,000	496	16,760,493	3.33
More than 100,000	129	481,480,070	95.71
Totals	2,008	503,085,150	100.00

There were 152 holders holding less than a marketable parcel of ordinary shares.

B. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

Shareholder Name	Listed Ordinary Shares	
	Number	Percentage Quoted
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	80,523,380	16.01%
STRATFORD SUN LIMITED	57,231,393	11.38%
DINO COMPANY LIMITED	47,132,130	9.37%
NATIONAL NOMINEES LIMITED	36,642,309	7.28%
RAMLEY INTERNATIONAL LTD	36,395,000	7.23%
NEWTIMES MARINE CO LTD	31,000,000	6.16%
CITICORP NOMINEES PTY LIMITED	28,426,128	5.65%
J P MORGAN NOMINEES AUSTRALIA LIMITED	24,925,695	4.95%
ZERO NOMINEES PTY LTD	20,900,993	4.15%
LAI SHUN HOLDINGS LTD	19,000,000	3.78%
MR LOW NGEE TONG	14,750,000	2.93%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	7,590,070	1.51%
COGENT NOMINEES PTY LIMITED	6,572,728	1.31%
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT>	6,537,484	1.30%
MS JULIE ANNE WOLSELEY	5,562,002	1.11%
J P MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	5,420,775	1.08%
UOB KAY HIAN PRIVATE LIMITED <CLIENTS A/C>	2,795,015	0.56%
AUSTRALIAN REWARD INVESTMENT ALLIANCE	2,406,500	0.48%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - GSCO ECA	2,174,153	0.43%
PHILLIP SECURITIES PTE LTD <CLIENT ACCOUNT>	1,733,900	0.34%
TOTAL HELD BY 20 LARGEST SHAREHOLDERS	437,719,655	87.01%
OTHERS	65,365,495	12.99%
TOTAL	503,085,150	100.00%

C. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below.

Shareholder Name	Issued Ordinary Shares	
	Number of Shares	Percentage of Shares
Huang Gang and Newtimes Marine Co Ltd	60,699,387	12.06%
Stratford Sun Limited	57,231,393	11.38%
Low Ngee Tong and Ramley International Ltd	51,145,000	10.17%
Heng Siow Kwee and Dino Company Limited	48,132,130	9.57%

D. Unquoted Options

The Company has on issue the following unlisted options to subscribe for shares

Number of Unlisted Options	Exercise Price	Expiry Date	Number of optionholders
1,000,000	A\$0.72	31 March 2011	1
20,000	A\$0.30	31 May 2011	1
4,000,000	A\$1.52	3 September 2011	1
1,000,000	A\$2.58	31 August 2011	1
5,000,000	A\$2.49	1 January 2012	16
4,000,000	A\$1.64	3 September 2012	1
5,000,000	A\$2.49	1 January 2013	16
4,000,000	A\$1.755	3 September 2013	1
2,000,000	A\$2.49	1 January 2014	1
4,000,000	A\$1.87	3 September 2014	1
2,000,000	A\$2.49	1 January 2015	1
32,020,000			

E. Voting Rights

Subject to the Bye-laws of the Company and to any rights or restrictions attaching to any class of shares, every member is entitled to be present at a meeting in person, by proxy, representative or attorney. In accordance with the Company's Bye-laws, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy or representative shall have one vote and upon a poll each member present in person or by proxy or representative shall have one vote for every share held.

2. TAXATION

The Company was incorporated in Bermuda and is not taxed as a company in Australia.

3. INVESTOR INFORMATION

(a) Stock Exchange Listing

OM Holdings Limited shares are listed on the ASX Limited (ASX).
The Company's ASX code is OMH.

(b) Company Information Contact

For further information about OM Holdings Limited please contact the Singapore head office:

OM Holdings Limited
#08 – 08 Parkway Parade
80 Marine Parade Road
Singapore 449269

Telephone: (65) 6346 5515
Facsimile: (65) 6342 2242
Email: om@ommaterials.com
Website: www.omholdingsltd.com

(c) Share Registry Enquiries

Shareholders who require information about their shareholdings, dividend payments or related administrative matters should contact the Company's share registry:

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 600

Postal Address:
GPO Box D182
PERTH WA 6840

Telephone: (within Australia) 1300 850 505
Telephone: (outside Australia) (61) 3 9415 4000
Facsimile: (61) 3 9473 2500
Website: www.computershare.com

Each enquiry should refer to the shareholder number which is shown on the issuer sponsored holding statements and dividend statements.



OM HOLDINGS LIMITED
(incorporated in Bermuda) A.R.B.N 081 028 337