

OM HOLDINGS LIMITED

ARBN 081 028 337

#08 – 08, Parkway Parade

80 Marine Parade Road, 449269 Singapore

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No. of Pages Lodged: 73

29 May 2003

Company Announcements Office
Australian Stock Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

DESPATCH OF NOTICE OF ANNUAL GENERAL MEETING & PROXY FORM & EXPLANATORY MEMORANDUM

Please be advised the Company has despatched to shareholders today its Notice of Annual General Meeting, including Proxy Form and Explanatory Memorandum. For the purpose of shareholders considering Resolution 5 as detailed in the Notice of Annual General Meeting, the documentation despatched also included an Independent Expert's Report prepared by Stanton Partners Corporate Pty Ltd and an Independent Geologist's Valuation Report prepared by Steffan Robertson & Kirsten (Australasia) Pty Ltd. A copy of all documents despatched to shareholders is attached.

The Annual General Meeting has been convened for Friday 27 June 2003 at the offices of OM Holdings Limited, #08-08, Parkway Parade, 80 Marine Parade Road, Singapore, commencing at 10am.

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary

OM HOLDINGS LIMITED
ARBN 081 028 337

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

EXPLANATORY MEMORANDUM

AND

INDEPENDENT EXPERT'S REPORT

Date of Meeting

Friday 27 June 2003

Time of Meeting

10.00am

Place of Meeting

OM Holdings Limited
#08-08, Parkway Parade,
80 Marine Parade Road
Singapore

OM HOLDINGS LIMITED

ARBN 081 028 337

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Members of OM Holdings Limited ("**Company**") will be held at the offices of OM Holdings Limited, #08-08, Parkway Parade, 80 Marine Parade, Singapore on **Friday 27 June 2003** commencing at **10.00am**, for the purpose of transacting the following business.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting.

BUSINESS

To consider, and if thought fit, to pass, with or without modification, the following **ordinary resolutions**:

1. THAT the Company receive and consider the following documents:
 - (a) the balance sheet of the Company as at 31 December 2002;
 - (b) the profit and loss account of the Company for the year ended 31 December 2002;
 - (c) the consolidated accounts of the Company and its controlled entities as at and for the year ended 31 December 2002; and
 - (d) the reports of the Directors' and Auditors' on the accounts of the Company and on the consolidated accounts of the Company and its controlled entities.
2. THAT in accordance with Bye-law 138, the Members of the Company formally declare the payment of a final dividend of A\$0.0025 per ordinary share to all Members of the Company for the year ended 31 December 2002.
3. THAT in accordance with Bye-law 88, Mr Thang Kwek Min retires and, being eligible, offers himself for re-election.
4. THAT in accordance with Bye-law 88, Mr Seetoh Kwok Weng retires and, being eligible, offers himself for re-election.
5. THAT pursuant to and in accordance with Listing Rules 7.1, 10.1 and 10.11 of the Listing Rules of Australian Stock Exchange Limited ("**ASX**") and for all other purposes the Company is authorised to acquire 174,150 fully paid ordinary shares and 25,000 H class shares in Bootu Creek Resources Pty Ltd ACN 097 091 506 ("**BCR**"), from Dino Company Ltd, Trevor Tennant and Wang Yue Chuan ("**Vendors**") in consideration for the issue to the Vendors (or their nominees) of 13,679,716 fully paid ordinary shares in the Company, the full details of which are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

Notes to Resolution 5:

The Company will disregard any votes cast on this resolution 5 by a person who is a party to the transaction (ie. the Vendors) and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed, or any associate of those persons. However, the Company need not disregard a vote if:

- ♦ it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- ♦ it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. THAT pursuant to Listing Rule 7.1 of the Listing Rules of the ASX, the directors be authorised to issue to such persons as the Directors in their absolute discretion may determine, up to 10,000,000 fully paid ordinary shares in the capital of the Company at a minimum issue price which is at least 80% of the average market price of ordinary shares in the capital of the Company trading on the ASX over the last 5 days on which sales were recorded before the day on which the issue was made (or if there is a prospectus relating to the issue, over the last 5 days on which sales in the shares were recorded before the date of this prospectus).

Notes to Resolution 6:

The Company will disregard any votes cast on this resolution 6 by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the resolution is passed, or any associate of those persons. However, the Company need not disregard a vote if:

- ♦ it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- ♦ it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board

Julie Wolseley/Heng Siow Kwee

COMPANY SECRETARY

Dated: 27 May 2003

NOTES

- All securities of the Company that are quoted securities at the close of business on Wednesday 25 June 2003 are taken for the purposes of the above meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the Annual General Meeting on Friday 27 June 2003.
- A member entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting.
- Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.
- A proxy may but need not be a member of the Company.
- The proxy form must be signed by the member or his attorney duly authorised. Proxies given by a corporation must be signed either under seal or under the hand of an officer or his attorney duly authorised.
- To be valid, the form appointing the proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged with OM Holdings Limited at its Registered Office at #08-08, Parkway Parade, 80 Marine Parade Road, Singapore or to the Company's Share Registry, Computershare Registry Services Pty Ltd at Level 2, Reserve Bank Building, 45 St George's Terrace, Perth, Western Australia 6000 not later than 48 hours before the time for holding the meeting.
- For the convenience of members a Proxy Form accompanies the Notice of Annual General Meeting.

OM HOLDINGS LIMITED

ARBN 081 028 337

PROXY FORM

The Company Secretary
OM Holdings Limited
#08-08, Parkway Parade
80 Marine Parade Road
Singapore
By Facsimile: (65) 6342 2242

I/We (name of member)
of (address)
being a member/members of OM Holdings Limited hereby appoint:
(name of proxy)
of (address)
and/or failing him/her (name)
of (address)
and/or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on **Friday 27 June 2003** at the offices of OM Holdings Limited, #08-08, Parkway Parade, 80 Marine Parade Road, Singapore commencing at **10.00am** and at any adjournment of the meeting.

If you wish to direct your proxy how to vote with respect to the proposed resolution, please indicate the manner in which your proxy is to vote by placing an "X" in the appropriate box below, otherwise your proxy will vote or abstain from voting as he/she thinks fit.

Ordinary Business

		For	Against	Abstain
Resolution 1	To receive, consider and adopt the Balance Sheet, the Profit & Loss Account and the Reports of the Directors and Auditors in respect of the financial year ended 31 December 2002.	☐	☐	☐
Resolution 2	To declare the payment by the Directors of the Company of the final dividend of A\$0.0025 per ordinary share to all members of the Company for the financial year ended 31 December 2002.	☐	☐	☐
Resolution 3	Re-election of Mr Thang Kwek Min as a Director.	☐	☐	☐
Resolution 4	Re-election of Mr Seetoh Kwok Weng as a Director.	☐	☐	☐
Resolution 5	Acquisition of 174,150 fully paid ordinary shares and 25,000 H class shares in Bootu Creek Resources Pty Ltd in consideration for the issue of 13,679,716 shares in the Company to Trevor Tennant, Dino Co. Ltd and Wang Yue Chuan.	☐	☐	☐
Resolution 6	To issue up to a further 10,000,000 ordinary Shares in the Company.	☐	☐	☐

If you do not wish to direct your proxy how to vote in relation to Resolution 5, please place a mark in this box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of Resolution 5 and votes cast by him other than as proxy holder will be disregarded because of that interest.

☐

Continued overleaf...

The Chairman intends to vote **in favour** of Resolutions 5 and 6 in relation to undirected proxies.

<i>This Proxy is appointed to represent _____% of my voting right, or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes</i> <i>My total voting right is _____ shares</i>

Dated: 2003

If the member is an individual:

Signature: _____

Name: _____

If the member is a company:

Affix common seal (if required by Constitution)

Director/Sole Director and Secretary

Director/Secretary

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A member entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the member's proxy. A proxy need not be a member of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the member's voting rights. If such appointment is not made then each proxy may exercise half of the member's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the member or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the corporation or its duly authorised attorney. In the case of joint members, this proxy must be signed by at least one of the joint members, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a member, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company at its Registered Office at #08-08, Parkway Parade, 80 Marine Parade Road, Singapore or to the Company's Share Registry, Computershare Registry Services Pty Ltd at Level 2, Reserve Bank Building, 45 St George's Terrace, Perth, Western Australia 6000 no later than 48 hours before the time appointed for the holding of this Annual General Meeting that is **by 10.00am WST on Wednesday 25 June 2003** by post or facsimile to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
 - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a member, the proxy can cast any votes the proxy holds as a member in any way that the proxy sees fit.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting ("**Notice**") of OM Holdings Limited ARBN 081 028 337 ("**Company**" or "**OMH**").

An Independent Expert's Report prepared by Stanton Partners Corporate Pty Ltd (a copy of which is attached as **Annexure A** to this Explanatory Memorandum) comments on whether the transaction the subject of Resolution 5 is fair and reasonable to the non-associated shareholders of the Company.

Shareholders should note that Stanton Partners Corporate Pty Ltd has concluded that the proposal the subject of Resolution 5 is fair and reasonable to the non-associated shareholders of the Company.

The Directors of the Company ("**Directors**") recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice:

1. Resolution 1 – Approval of Accounts

Resolution 1 addresses an item of regular business and is self explanatory.

2. Resolution 2 – Declaration of Payment of Dividend

Pursuant to Bye-law 138 of the Company's Bye-laws, the members of the Company declare the recommended payment made by the Directors of the Company to pay a final dividend of \$0.0025 per ordinary share to all members of the Company for the year ended 31 December 2002.

The Directors propose to pay this dividend on 20 June 2003.

3. Resolution 3 – Re-election of Mr Thang Kwek Min as a Director

Pursuant to Bye-law 88 of the Company's Bye-laws, Mr Thang, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

4. Resolution 4 – Re-election of Mr Seetoh Kwok Weng as a Director

Pursuant to Bye-law 88 of the Company's Bye-laws, Mr Seetoh, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

5. Resolution 5 – Acquisition of 199,150 shares in Bootu Creek Resources Pty Ltd in consideration for the issue of 13,679,716 shares in the Company

Resolution 5 seeks shareholder approval for the acquisition by the Company of the remaining interest in Bootu Creek Resources Pty Ltd ("**BCR**") it does not already own comprising 174,150 fully paid ordinary shares and 25,000 H class shares, in consideration for the issue of a total of 13,679,716 shares in the Company.

EXPLANATORY MEMORANDUM

Background

BCR's exploration assets include the Bootu Creek manganese project located 130 km north of Tennant Creek and is near to the Alice Springs to Darwin railway line, which is currently under construction. The Bootu Creek manganese project comprises two exploration licences. In addition BCR has secured tenements in the Renner Springs area which is 50km north west of the Bootu Creek manganese project.

BCR has been actively exploring for manganese in the Northern Territory since June 2001. The first drilling programme reported in December 2001 successfully delineated 8.5 million tonnes of inferred resources at a grade of 33% Mn. Preliminary results from gravimetric tests indicated that run of mine ore of 33% Mn can be upgraded to a product of 45% Mn. A second drilling programme of 1,682 metres in 42 holes was completed in June 2002. This programme verified depth extension of the tabular manganese seams and extended the inferred resources to 10.5 million tonnes.

In September 2002 an agreement was reached with Groote Eylandt Mining Company Pty Ltd ("**Gemco**"), whereby Gemco agreed to fund the next drilling programme of at least 8,000 metres costing \$700,000. This programme was aimed at gaining measured resource status for adequate tonnage for a mine start-up at Bootu Creek and investigating resource opportunities at the Renner Springs tenements.

After the results of this programme were made available, Gemco formally provided notice in April 2003 that it would commit to sole fund the next \$2.3 million of exploration expenditure. It is anticipated that this expenditure will complete the final feasibility study.

In the event that Gemco completes its sole funding obligations, Gemco will have farmed in to acquire a 25% interest of the Bootu Creek project.

Diamond drilling has now commenced to verify the earlier RC results with the aim to upgrade the resource to a JORC compliant indicated and measured resource, and to gain samples for metallurgical testwork. The drill program will include further RC drilling along strike to verify additional resources that are indicated by EM survey and geological interpretation.

The OMH Board considers that there are benefits to be derived by acquiring the BCR minority interests shareholding at the present time as opposed to endeavouring to secure that position when the Bootu Creek manganese project is further advanced. In addition if the bankable feasibility study indicates that the Bootu Creek manganese project is economically viable to mine then it is considered more advantageous from a future financing perspective to only have the involvement of OMH and Gemco.

The OMH Board considers that the exploration initiatives developed by BCR are complementary to the OMH strategy to develop its manganese business in the areas of marketing, ferro alloy production and manganese ore mining. OMH has demonstrated success in the marketing of manganese ore into China. Alliances have been formed with reliable manganese alloy factories. In the event that the Bootu Creek project is developed, ore will be fed into these ferro alloy factories. In addition OMH is continuing to progress its plans to develop its own ferro alloy facility in the port city of Qinzhou, south west China.

EXPLANATORY MEMORANDUM

BCR's Capital Structure

BCR currently has 475,000 fully paid ordinary shares and 25,000 fully paid H class shares on issue. The Company already holds 300,850 fully paid ordinary shares in BCR (representing 60.17% of the total issued share capital in BCR). Mr Trevor Tennant, a director of both the Company and BCR, holds 25,000 H class shares and 79,150 fully paid ordinary shares in BCR. Dino Co. Ltd, a related party of BCR by virtue of its substantial (22.84%) shareholding in the Company and the fact it is controlled by Mrs Heng Siow Kwee, a director of the Company and the wife of Mr Low Ngee Tong, the chief executive officer of the Company, holds 79,150 fully paid ordinary shares in the Company. Mrs Heng Siow Kwee and Mr Low Ngee Tong are also directors of BCR. Mr Wang Yue Chuan, an unrelated party, holds the remaining 15,850 fully paid ordinary shares in the Company.

Resolution 5 relates to the acquisition of all the shares in BCR held by Mr Tennant, Dino Co. Ltd and Mr Wang. If the acquisition by the Company for the 174,150 fully paid ordinary shares and 25,000 H class shares in BCR proceeds, the Company will hold all 500,000 shares (100%) in BCR.

The consideration for the acquisition by the Company of 174,150 fully paid ordinary shares and 25,000 H class shares in BCR is the issue of a total of 13,679,716 shares in the Company. The Company currently has a total of 47,520,001 shares on issue and 3,964,000 unlisted options exercisable at 15 cents each on or before 21 January 2007. If the shares are issued to Mr Tennant, Dino Co. Ltd and Mr Wang, or their nominees, the number of shares on issue would increase by 13,679,716 to 61,199,717 representing a total dilution of 22.3% of the Company's issued capital (assuming the unlisted options currently outstanding are not exercised).

Listing Rule 10.11

Listing Rule 10.11 of the Listing Rules of the Australian Stock Exchange Limited ("**Listing Rules**") requires shareholder approval for the issue of securities to a related party of the Company. As Mr Tennant and Dino Co. Ltd are both related parties of the Company as noted above, shareholder approval under Listing Rule 10.11 is sought for the issue of a total of 12,626,245 shares in the Company to them.

Listing Rule 10.11 approval is not sought for Mr Wang as he is not a related party of the Company. It is proposed that Mr Wang be issued 1,053,471 shares in the Company.

The shares to be issued by the Company to Mr Tennant and Dino Co. Ltd will be quoted on ASX. It is anticipated that, in accordance with Chapter 9 of the Listing Rules, all the shares issued to Mr Tennant and Dino Co. Ltd will be escrowed for a period of 12 months.

Listing Rule 7.1

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of the Company's shares then on issue. As the shares to be issued pursuant to this Resolution 5 represents more than 15% of the Company's shares then on issue, Listing Rule 7.1 approval is sought so that the 15% threshold is maintained and available for use by the Company in the future should the circumstances require it.

EXPLANATORY MEMORANDUM

Listing Rule 7.1 approval is sought only for the issue of 1,053,471 ordinary shares in the Company to Mr Wang in consideration for the acquisition of the 15,850 fully paid ordinary shares in BCR held by Mr Wang. This is because if approval is given for the issue of shares to Mr Tennant and Dino Co. Ltd under Listing Rule 10.11, approval is not required under Listing Rule 7.1 pursuant to the terms of Listing Rule 7.2 (exception 14).

Mr Wang currently has a relevant interest in 410,000 shares in the Company.

The shares to be issued by the Company to Mr Wang will be quoted on ASX. It is anticipated that none of the shares issued to Mr Wang, an unrelated party, will be escrowed.

Information Requirements

For the purposes of satisfying the requirements of ASX Listing Rules 7.3 and 10.13 the following is set out below:

- (a) the Company will issue 7,365,535 ordinary shares to Mr Trevor Tennant (a director of the Company), 5,260,710 ordinary shares to Dino Co. Ltd (whose controller is a director of the Company and the wife of the chief executive officer of the Company) and 1,053,471 ordinary shares to Mr Wang Yue Chuan, or their nominees;
- (b) the issue of the shares referred to in this Resolution 5 will take place no later than one month after the date of the meeting convened by this Notice and it is anticipated that allotment will occur on one date;
- (c) the deemed issue price of the shares is 20 cents per share;
- (d) the shares issued will rank equally with the existing ordinary shares in the Company;
- (e) no funds will be raised from the issue of the shares as per this Resolution 5.

Listing Rule 10.1

Listing Rule 10.1 prohibits a listed company from acquiring a *substantial asset* from a *substantial shareholder* (ie. a shareholder who is entitled to at least 10% of the voting securities of the company) or a *related party* without first obtaining shareholder approval.

An asset is substantial if its value or the value of the consideration for it is 5% or more of the sum of the equity interests of the Company.

Mr Trevor Tennant is considered a related party as he is a director of the Company. Mr Tennant presently holds 495,000 unlisted share options in the Company, which are exercisable at 15 cents each on or before 21 January 2007. Mr Trevor Tennant does not hold an interest in any other securities of the Company.

Dino Co. Ltd is currently entitled to approximately 22.84% of the voting securities of the Company, accordingly it will be considered a *substantial shareholder* for the purposes of Listing Rule 10.1. Further, the controller of Dino Co. Ltd, Mrs Heng Siow Kwee, is a director of the Company and the wife of the chief executive officer of the Company, Mr Low Ngee Tong. Mrs Heng Siow Kwee and Mr Low Ngee Tong are also directors of BCR.

Mrs Heng Siow Kwee presently holds 495,000 unlisted share options in the Company which are exercisable at 15 cents each on or before 21 January 2007.

EXPLANATORY MEMORANDUM

The consideration for the acquisition of all the shares in BCR held by Mr Tennant and Dino Co. Ltd is the issue of a total of 12,626,245 shares in the Company which represents more than 5% of the equity interests of the Company. Accordingly, the BCR shares to be acquired by the Company will be considered a *substantial asset* for the purposes of Listing Rule 10.1.

It follows that shareholder approval in accordance with Listing Rule 10.1 will be required before the proposed acquisition by the Company from Mr Trevor Tennant and Dino Co. Ltd of a total of 158,300 fully paid ordinary shares and 25,000 H class shares in BCR can proceed.

Listing Rule 10.1 approval is not required for the acquisition of Mr Wang's shares in BCR as he is neither a related party nor a substantial shareholder for the purposes of Listing Rule 10.1.

The Independent Expert's Report prepared by Stanton Partners Corporate Pty Ltd ("**Stanton**") has been prepared in accordance with the requirements of Listing Rule 10.10 and is attached as **Annexure A** to this Explanatory Memorandum.

The directors of the Company commissioned Steffan Robertson and Kirsten (Australasia) Pty Ltd ("**SRK Consulting**") to independently value BCR's mineral assets. The SRK Consulting Report was made available to the independent expert, Stanton, for the purpose of reporting on the proposal. The SRK Consulting Report is attached as Appendix B to the Independent Expert's Report.

Directors' Recommendation

The following directors of the Company wish to make a recommendation about the proposed Resolution 5.

Directors	Recommendation
Thang Kwek Min Seetoh Kwok Weng Anthony James Pearson	These directors recommend that the shareholders vote in favour of Resolution 5.
Low Ngee Tong Heng Siow Kwee Trevor Tennant	These directors abstained from considering and voting in respect of this recommendation, as they have an interest in the outcome of Resolution 5.

6. Resolution 6 – Authorisation to issue up to 10,000,000 fully paid ordinary shares in the Company

Resolution 6 has been included so that shareholders may approve pursuant to Listing Rule 7.1 the proposed issue of up to a maximum of 10,000,000 fully paid ordinary shares to persons selected by the Directors in their discretion.

The maximum issue of shares pursuant to this Resolution will represent 21.0% of the issued capital of the Company on an undiluted basis (ie. assuming the unlisted options currently outstanding are not exercised, and the consideration of shares referred to in Resolution 5 are not issued). If the unlisted options currently outstanding are not exercised, and the consideration of shares referred to in Resolution 5 are issued, the maximum issue of shares pursuant to this Resolution will represent 16.3% of the issued capital of the Company. The Company is required to seek shareholder approval for any issue of securities greater than 15% of its issued capital pursuant to Listing Rule 7.1. The passing of this Resolution will permit the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months.

EXPLANATORY MEMORANDUM

Background

Through one of the Company's wholly owned subsidiaries, OM Materials (Qinzhou) Co Ltd, the Company has acquired leasehold land in the port city of Qinzhou, in south west China. It is planned to develop the land by constructing a ferro alloy production facility, warehouse and distribution facility.

To date the Company has injected \$0.7 million into OM Materials (Qinzhou) Ltd. All the required relevant preliminary government approvals and permits have been granted.

Technical design of the supporting auxiliary building has been advancing in accordance with management's expectations. Construction of the processing facility will commence when the local government commences the construction of a 220KV power sub-station at the Qinzhou Port Coastal Line Industry Zone.

The total cost of the development could be at least A\$25 million. The Company is seeking external financing and/or joint ventures partners to further develop the project.

Information Requirements

The information required to be given to shareholders pursuant to Listing Rule 7.3 is set out below:

- (a) The Company proposes to issue up to 10,000,000 ordinary shares to persons selected by the Directors in their absolute discretion.
- (b) Any shares issued pursuant to Resolutions 6 will be issued progressively within three months of the date of the meeting convened by this Notice.
- (c) Any shares issued pursuant to Resolution 6 must be issued at a minimum price that will be at least 80% of the average market price for the ordinary shares over the last 5 days on which sales are recorded before the day on which the shares are issued or if there is a prospectus relating to the issue, over the last 5 days on which sales were recorded before the date the prospectus is signed.
- (d) Any shares issued pursuant to Resolution 6 will rank pari passu with the existing fully paid shares on the issue.
- (e) The proposed capital raising will assist with ongoing development works for the Qinzhou project.
- (f) Upon allotment and issue the Company will seek permission from the Australian Stock Exchange for official quotation of the Shares to be issued pursuant to Resolution 6.

ANNEXURE A

INDEPENDENT EXPERT'S REPORT

STANTON PARTNERS CORPORATE PTY LTD

A.C.N 063 036 331

1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA
TELEPHONE: (08) 9481 3188
FACSIMILE: (08) 9321 1204

e-mail: jvideren@stanton.com.au

21 May 2003

The Directors
OM Holdings Limited
#08-08
Parkway Parade
80 Marine Parade Road
Singapore 449269

Dear Sirs

**RE: OM HOLDINGS LIMITED (“OMH” OR “COMPANY”)
(ARBN 081 028 337) MEETING OF SHAREHOLDERS PURSUANT TO SECTION
10.1 OF THE LISTING RULES OF THE AUSTRALIAN STOCK EXCHANGE
(“ASX”) ON THE PROPOSAL TO ACQUIRE THE REMAINING 39.83% OF THE
ISSUED SHARE CAPITAL OF BOOTU CREEK RESOURCES PTY LTD (ACN 097
091 506)**

1. Introduction

- 1.1 We have been requested by the Directors of OMH to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposal pursuant to resolution 5 as detailed in the Notice of Annual General Meeting to OMH shareholders (the “Notice”).
- 1.2 Under resolution 5 it is proposed that OMH will acquire the remaining 39.83% shareholding in Bootu Creek Resources Pty Ltd (“Bootu Creek”) so that OMH's holding in Bootu Creek increases to 100%. The consideration payable by OMH to the minority interests in Bootu Creek is the issue of 13,679,716 fully paid ordinary shares in OMH.
- 1.3 ASX Listing Rule 10.1 requires a company to obtain shareholder approval for the acquisition or disposal of a substantial asset from or to a substantial holder (holding at least 10% of the total votes attached to the voting securities) of a company or related parties of that company. Dino is deemed a substantial holder in the Company pursuant to the ASX Listing Rules (as it holds 22.84% of the voting securities of the Company). The Bootu Creek shares to be acquired by the Company from Dino (and other minority interests in Bootu Creek) are substantial assets as they exceed 5% of the Company's equity interests (as defined in the ASX Listing Rules). Furthermore, Dino is a company under the control of the spouse (Ms Heng Siow Kwee) of the managing director of OMH, Mr Low Ngee Tong who is also a director of Bootu Creek and is therefore deemed a related party under the ASX Listing Rules and the Corporations Act.

Ms Heng Siow Kwee is also a director of Bootu Creek and OMH. Dino has 15.83% shareholding interest in Bootu Creek. In addition, Mr Trevor Tennant (“Tennant”) who has a 20.83% shareholding in Bootu Creek (via 79,150 ordinary shares and 25,000 “H” class shares) is a director of both Bootu Creek and OMH. Of the 13,679,716 shares to be issued under Resolution 5, Dino will receive 5,260,710 shares, Trevor Tennant will receive 7,365,535 shares and an unrelated party, Mr Wang Yue Chuan will receive 1,053,471 shares. Accordingly, the Company must seek shareholder approval under the ASX Listing Rule 10.1 for the issue of the 5,260,710 shares to be issued to Dino and the 7,365,535 shares to be issued to Tennant.

- 1.4 The Company has requested Stanton Partners Corporate Pty Ltd to prepare an Independent Expert’s Report to determine whether the proposals outlined in resolution 5 are fair and reasonable to the shareholders of OMH (not associated with Heng and Tennant).

As the majority of the minority interests in Bootu Creek are held by interests associated with Heng (via Dino) and Tennant, in effect, we need to determine whether it is fair and reasonable to acquire the remaining 39.83% of Bootu Creek and not just Heng’s and Tennant’s interests in Bootu Creek.

- 1.5 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of OMH and Bootu Creek
- Future direction of OMH
- Basis of valuation of OMH shares
- Value of considerations
- Basis of valuation of Bootu Creek
- Combined statement of financial position
- Conclusion as to fairness
- Reasonableness of the offer
- Conclusion as to reasonableness
- Sources of information
- Appendix A
- Appendix B – Steffen Robertson and Kirsten (Australasia) Pty Ltd Report

- 1.6 In determining the fairness and reasonableness of the transactions pursuant to resolution 5, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Policy Statement 75.

Policy Statement 75 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).

Accordingly, our report relating to resolution 5, is concerned with the fairness and reasonableness of the proposals with respect to the existing non-associated shareholders of OMH.

- 1.7 In our opinion, the proposals as outlined in resolution 5 are fair and reasonable to the shareholders of OMH not associated with Heng and Tennant (refer paragraphs 9.4 and section 10).

The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the Independent Geologist's Valuation Report on the Bootu Creek mineral interests prepared by Steffen Robertson and Kirsten (Australasia) Pty Ltd ("SRK Consulting") and included as Appendix B to this report.

2. Implications of the Proposals

- 2.1 As at 15 May 2003, there were 47,520,001 ordinary fully paid shares on issue in OMH and 150 shareholders. The significant shareholders at that date are believed to be:

	No. of fully paid ordinary shares	% of issued fully paid shares
Ramley International Ltd (associated with Low)	13,475,000	28.36
Dino Company Limited (associated with Heng)	10,855,000	22.84
Associated with Low and Heng	24,330,000	51.20
Lowther Resources Limited	5,395,000	11.35
Liu Xia	3,080,000	6.48
	<u>32,805,000</u>	<u>69.03</u>

The top 20 shareholders currently own approximately 94.74% of the issued capital of the Company (top 10 own 84.17%).

- 2.2 As at 15 May 2003 there are 3,964,000 unlisted share options, all exercisable at 15 cents each on or before 21 January 2007. Mr Low owns 990,000 share options, Ms Heng owns 495,000 share options (via her interest in Dino) and Mr Tennant owns 495,000 share options.
- 2.3 If resolution 5 is passed and consummated, OMH will own 100% of the issued capital of Bootu Creek (currently 60.17%) as a result of issuing a further 13,679,716 shares and Heng would have an interest in 16,115,710 shares representing approximately 26.33% of the expanded issued capital and the combined interest of Heng and Low would be 29,590,710 shares (48.35%). Tennant would own 7,365,535 shares representing a 12.03% interest in OMH. There would be 61,199,717 shares on issue after the passing and consummation of resolution 5.

3. Corporate History and Nature of Business OMH

- 3.1 OMH is a holding company that holds investments in various subsidiaries involved in the processing and sale of specialised metal materials, in particular manganese and chrome ores and alloys. It operates primarily in Hong Kong and China. OMH also holds a 60.17% interest in Bootu Creek that was acquired in June 2001.

Through OM Materials (Qinzhou) Co Ltd, OMH has acquired leasehold land in the port city of Qinzhou, SW China. It is planned to develop the land by constructing a ferro alloy production facility, warehouse and distribution facility. The total cost of development could be at least \$25 million. The Company is seeking external finances and/or joint venture partners for the proposal.

Profits (losses) over the past four calendar years (to 31 December) have been as follows:

	2002 \$000's	2001 \$000's	2000 \$000's	1999 \$000's
Sales	110,996	116,350	134,678	128,354
Gross Profit	7,850	10,870	9,316	9,174
Profit (loss) before tax	758	973	846	(1,267)
Income tax	(427)	(317)	(587)	(591)
Profit after tax before minority	331	656	259	(2,355)
Minority interest in profits	(275)	(247)	(556)	2,019
Profit (loss) after tax attributable to members of OMH	56	409	(297)	(336)
Dividends paid or payable	323	265	786	468

- (i) In 2000, the loss was after incurring losses on a discontinuing operation of \$1,790,000 (1999, \$2,474,000). The profit after tax on continuing operations was disclosed at \$1,493,000 (1999, \$2,138,000). The discontinued operations related to the cessation of operations in China through a 51% owned subsidiary, Liaoyang Boric-Magnesium Resources Co Ltd ("LBM"). LBM was involved in the production of highly specialist chemical products.

Bootu Creek

- 3.2 OHM Limited has a 60.17% majority shareholding in Bootu Creek Resources Pty Ltd (“Bootu Creek”)

Bootu Creek was incorporated to specifically explore for manganese on Exploration Licenses in the Northern Territory. The licenses are 130km north of Tennant Creek. Exploration License 10412 was granted on 21 September 2001 and an exploration program commenced in early October 2001. This first drilling program, that was reported on in December 2001 successfully delineated 8.5 million tonnes of inferred resources at a grade of 33% Mn. Preliminary results from gravimetric tests indicated that run of mine ore of 33% Mn can be upgraded to a product grade of 45% Mn. The low Phosphorous grade of 0.04% maximum is a distinct marketing advantage.

The second drilling program of 1,682 metres in 42 holes was completed in June 2002. This program verified depth extension of the tabular manganese seams and extended inferred resources to 10.5 million tonnes.

Bootu Creek has come to agreement with the Exploration License holders of EL 9975 and EL 9998 whereby these granted tenements be transferred to Bootu Creek in return for a sliding scale royalty. These tenements are in the Renner Springs area about 45 kilometres northeast from the Bootu Creek tenement EL 10412. Manganese outcrop can be traced along a strike length extending 15 kilometres on these tenements and a drill program has recently commenced to test the down dip extension of these outcrops.

An agreement was signed with Groote Eylandt Mining Company Proprietary Limited (“Gemco”) in September 2002 whereby Gemco agreed to fund the next exploration program of at least 8,000 metres of drilling costing \$700,000. After the results of this program are available, Gemco can elect to continue with funding the project in which case they will be required to sole fund the next \$2.3 million of expenditure. It is anticipated that this expenditure will complete the final feasibility study. In the event that Gemco completes its sole funding obligations, Gemco will have farmed in to acquire a 25% interest of the project and the tenements forming an unincorporated joint venture. A third drilling program formed part of Gemco’s sold funding obligations and was completed by December 2002. This program is aimed at gaining measured resource status for adequate tonnage for a mine start-up at Bootu Creek and investigating resource opportunities at the Renner Springs tenements. In April 2003, Gemco formally provided notice of its intention to commit to the remaining \$2.3 million of additional expenditure.

- 3.3 Further information on Bootu Creek is outlined in the Independent Valuation Report by SRK Consulting and attached as Appendix B to this report.

4. Future Directions of OMH

4.1 We have been advised by the directors and management of OMH that:

- There are no proposals currently contemplated whereby OMH will acquire any further property or assets from Heng or Tennant (however OMH will issue shares to Heng or Tennant as outlined in resolution 5) or where OMH would transfer any of its property or assets to Heng or Tennant;
- The Company will continue to be a processor and seller of manganese and chrome ores and alloys;
- The Company may undertake a capital raising and issue up to 10,000,000 shares (refer resolution 6) in the next few months;
- The composition of the Board will not change in the short term; and
- The Company will endeavour to enhance the value of the Bootu Creek mineral properties.

5. Basis of Valuation of OMH Shares

5.1 Shares

5.1.1 In considering the proposals outlined in resolution 5, we have sought to determine if the considerations payable by OMH to the vendors of Bootu Creek are fair and reasonable to the existing non-associated shareholders of OMH.

5.1.2 The offer pursuant to resolution 5 would be fair to the existing non-associated shareholders if the value of the assets (investments in Bootu Creek) being acquired by OMH is greater than the implicit value of the shares being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on OMH shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of a OMH share are:

- Capitalise maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net backing and windup value; and
- The weighted average market price of OMH shares.

5.2 Capitalise maintainable earnings and discounted cash flows.

The level of pre tax and after tax earnings over the last four years to 31 December 2002 does not in our opinion support the existing share price for an OMH share of between 16 cents and 27 cents (over the past six months). The Company operates in a moderate to high- risk industry and also its main markets are in Asia (including China) where political and other operating risks are normally considered higher than dealing in most western developed countries.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for OMH could purchase all or part of the existing shares, however no certainty can be attached to this occurrence.

5.3.2 To our knowledge, there are no current bids in the market place and the directors of OMH have formed the view that there is unlikely to be any takeover bids made for OMH in the immediate future. Heng's and Low's (associated parties) interest in OMH is currently 51.20% (refer 2.1 of this report), however after the passing and consummation of all resolutions, Heng's and Low's interest falls to 48.35%.

5.4 Adjusted Net Asset Backing

5.4.1 We set out below an audited consolidated Statement of Financial Position of OMH as at 31 December 2002.

	OMH Consolidated 31 December 2002 S'000's
Current Assets	
Cash	5,422
Inventories	4,087
Receivables	20,805
	30,314
Non Current Assets	
Property, Plant and Equipment	3,723
Capitalised exploration costs	936
Intangibles	225
	4,884
Total Assets	
	35,198
Current Liabilities	
Payables	19,286
Interest bearing liabilities	3,218
Provisions – tax	184
	22,688
Non Current Liabilities	
	49
Interest bearing liabilities	
	49

	OMH Consolidated 31 December 2002 \$'000's
Total Liabilities	22,737
Net Assets	<u>12,461</u>
Equity	
Contributed Equity (Issued capital)	5,392
Reserves	1,318
Retained profits	<u>3,507</u>
Net equity attributable to members of the parent entity	10,217
Minority interests	<u>2,244</u>
Net equity	<u>12,461</u>

- 5.4.2 Based on the book values, this equates to a value per fully paid ordinary share of approximately 21.6 cents.

No detailed review was made by us on the assets and liabilities disclosed in the consolidated statement of financial position as at 31 December 2002. We have been assured by the management of OMH, that they believe the carrying value of all current assets, fixed assets, listed investments and liabilities as at 31 December 2002 are fair and not materially misstated.

Included in the assets of OMH is its 60.17% interest in Bootu Creek. As noted elsewhere in this report, SRK Consulting has placed a current technical value on the Bootu Creek manganese project at between \$nil (negative \$2.9 million) and \$31.6 million with a preferred current value of \$14.5 million. In effect, Bootu Creek has an effective 75% interest in the Bootu Creek Manganese Project as Gemco (a BHP Billiton subsidiary) is earning a 25% interest in the project (refer paragraph 7.3.6). Thus, a 75% interest in the Project at preferred values is \$10,875,000 and a 60.17% interest in Bootu Creek (ignoring minor cash reserves and liabilities) has a preferred fair value of \$6,543,487 (and a 39.83 % interest at \$4,331,513).

Thus, if we used the \$6,543,487 as a fair value for the Bootu Creek Manganese Project of the OMH Group (in the consolidated statement of financial position at \$936,000), the adjusted net fair value of assets approximates \$15,824,000 (after minority interests). This represents a value per share at around 33.29 cents.

We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between the OMH group and other parties. The latest report on the Company's prospects was for the year-end to 31 December 2002 and was released to the market in April 2003 by lodging the report with the ASX. We also note it is not the present intention of the Directors of OMH to liquidate the Company and therefore any theoretical value

based upon wind up values or even net book values (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in OMH based on the market perceptions of what the market considers an OMH share to be worth.

The market has generally valued the vast majority of companies involved in the mining industry at discounts to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for OMH shares and the market is kept fully informed of the activities of the Company. Furthermore, for accounting purposes, the consideration for the issue of OMH shares to acquire the remaining 39.83% of Bootu Creek will be booked at market value and not any perceived technical value. Accordingly, for the reasons outlined above, we believe that for the purpose of this report, it is not appropriate to use any technical value of an OMH share in assessing whether the proposals pursuant to resolution 5 are fair and reasonable. We believe a market-based approach is a more suitable basis of assessing whether the proposals are fair and/or reasonable.

5.5 Weighted Average Market Price of OMH fully paid shares

5.5.1 We set out below a summary of the fully paid share prices of OMH since 1 July 2002 to 30 April 2003.

2002	High Cents	Low Cents	Last Sale Cents	Volume Trade (000's)
July	16.0	13.0	16.0	289
August	27.0	15.5	24.0	447
September	25.0	23.0	25.0	295
October	26.0	21.0	26.0	161
November	27.5	26.0	27.5	45
December	28.0	26.0	28.0	30
2003				
January	27.0	25.0	25.0	319
February	27.0	18.0	25.0	273
March	25.0	16.0	16.0	189
April	20.0	16.0	20.0	253

The last sale price on 14 May 2003 (the last trade day before the announcement of the proposal on 20 May 2003) was 19 cents, although for the period 1 July 2002 to 30 April 2003, the share price on low volumes was in the range of 13.0 cents to 28.0 cents. On 16 May 2003, the bid price was 14 cents and the ask (sell) price was 22 cents, however there were no trades. There have been no trades since the announcement (to close of business on 20 May 2003).

5.5.2 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher.

5.5.3 The future value of an OMH share will depend upon, inter alia:

- The future prospects of its mineral prospects and prospects of Bootu Creek and the continuation of profitable operations from OMH's metal material sale and distribution business;
- The state of the metal markets (and prices) in Australia and overseas;
- The state of Australian and overseas stock markets;
- Membership of the Board;
- Perceived political risks of dealing in China;
- General economic conditions; and
- Liquidity of shares in OMH.

5.5.4 Using the last two months trading prices, the value lies in the range of 16.0 cents to 25 cents and a preferred market value of 20 cents. As noted above, we are of the opinion that the market based approach is more appropriate to use for the purposes of this report. It is noted the book value of an OMH share is around 21.6 cents and an adjusted fair value of around 33.29 cents.

5.5.5 The above values apply to the 13,679,716 ordinary shares to be issued to the minority shareholders of Bootu Creek. Arguably the shares to be issued to Dino and Tennant have a lesser value, as they may be restricted from trading for a period of up to two years. A discount of 10% to 20% per annum is commonly applied to shares that have a restriction on trading and if we applied a 10% discount to the 5,260,710 shares to be issued to Dino and the 7,365,535 shares to be issued to Tennant, the discounted market value would approximate 16 cents to 18 cents assuming a 20 cents non-restricted share price.

6. Value of Considerations

6.1 Using 20 cents as the market issue price for the shares proposed to be issued to the minority interest of Bootu Creek results in a consideration payable of \$2,735,943.

	Low	Preferred	High
13,679,716 shares to be issued	\$2,188,754	\$2,735,943	\$3,830,320

The low consideration is based on a discounted share value of 16 cents, whilst the high consideration is based on a high non- discounted share price of 28.0 cents as noted in paragraph 5.5.1 (December 2002 high market trade price).

7. Basis of Valuation of Bootu Creek

7.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.

7.2 Market Value

- 7.2.1 Bootu Creek is an unlisted private company of which OMH already owns 60.17% and accordingly, there has not been a liquid market trading in Bootu Creek shares that would give a reliable determination of the market price for Bootu Creek shares.

7.3 Net Asset Backing/Fair Values

- 7.3.1 We have examined the unaudited statement of financial position of Bootu Creek as at 12 April 2003. Set out below is a summary of the unaudited statement of financial position of Bootu Creek at such date.

	Bootu Creek
	12 April 2003
	\$
Current Assets	
Cash	115,107
Receivables	5,210
Total Current Assets	<u>120,317</u>
Non Current Assets	
Security deposits	<u>13,500</u>
Total non current assets	<u>13,500</u>
Total Assets	<u>133,817</u>
Current Liabilities	
Unsecured Loans	98,373
Payables	<u>15,132</u>
Total current liabilities	<u>113,505</u>
Non Current Assets	
Owing to vendor	<u>70,000</u>
Total non current liabilities	<u>70,000</u>
Total Liabilities	<u>183,505</u>
Net Assets (Liabilities)	<u><u>\$(49,688)</u></u>
Equity	
Contributed equity	500,000
Accumulated losses	<u>(549,688)</u>
Total Net Equity (Deficiency)	<u><u>\$(49,688)</u></u>

Bootu Creek has in its own accounts expensed all exploration costs, however from the OMH group point of view, the exploration costs have been capitalised.

- 7.3.2 We have relied on OMH undertaking the necessary due diligence to satisfy themselves on:

- Ownership of Bootu Creek;
- No unrecorded liabilities in the books of Bootu Creek;

- Current legal directors of Bootu Creek;
- Ownership and interest of Bootu Creek in mining tenements and application for mining tenements;
- Extent of debts due to other parties; and
- Other factors that may affect ultimate ownership of Bootu Creek plus its interests in the mineral tenements and applications.

7.3.3 We have been informed that all necessary due diligence has been completed to the best ability of the OMH directors. However, no guarantee can be given as to the long term holding of Bootu Creek. This will depend upon many factors, including inter-alia:

- Future exploration success, or otherwise;
- Political risk;
- Foreign and Australian stock exchange markets; and
- Manganese prices and future costs of production

7.3.4 The Company has commissioned SRK Consulting (author of the report Louis Voortman) to prepare a Valuation Report of the mineral interests of Bootu Creek. The Valuation Report of April 2003 should be read in its entirety and a full copy of the SRK Consulting Valuation Report on the Bootu Creek prospects is included as Appendix B to this report. The Valuation Report ascribes a range of values to the interests of Bootu Creek and for the purposes of our report, we have used the low, high and preferred market valuations referred to in the SRK Consulting Valuation Report.

7.3.5 We have used and relied on the SRK Consulting Valuation Report on the application interests and other potential mineral interests and have satisfied ourselves that:

- Mr Voortman is suitably qualified and is a Fellow of The Australasian of Mining and Metallurgy. Mr Voortman and SRK Consulting have relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations;
- SRK Consulting is independent from OMH and the vendors of Bootu Creek; and
- SRK Consulting has employed sound and recognised methodologies in the preparation of the valuation report on the mineral interests in the Bootu Creek Manganese Project in the Northern Territory of Australia.

7.3.6 SRK Consulting has provided a range of expected values of the interests in mining tenements of Bootu Creek as follows:

	Total
	\$
Low value (negative)	(\$2,900,000)
Preferred value	14,500,000
High value	31,600,000

Gemco, a subsidiary of BHP Billiton is earning a 25% interest in the Manganese Project by spending \$3,000,000. Under the Memorandum of Agreement dated 19 September 2002 ("MOA") between Gemco and Bootu Creek, Gemco needs to spend \$700,000 to earn a 10% interest and then a further \$2,300,000 to earn a further 15% interest to take Gemco's interest to 25%. It is our understanding that Gemco has spent over \$700,000 and thus is entitled to hold a 10% interest in the Manganese Project. It is our understanding that Gemco has advised of its intention to commit to incur a further \$2,300,000 to increase its interest to 25%. For the purposes of this report, we have assumed that Gemco will earn its 25% interest.

For the purposes of this report we have ignored the cash and creditor position of Bootu Creek as at 12 April 2003. We have assumed current liabilities will be paid out in full and there will be sufficient cash left to pay administration costs of Bootu Creek for the next 12 to 24 months (but nil exploration and evaluation costs). The non-current liability is an amount due to original vendors of the tenements and is only payable out of profits from mineral production at Bootu Creek. The loan is interest free and non-recourse and is only payable after all other creditors of Bootu Creek are paid. Unless the Bootu Creek Manganese Project is developed and is profitable, the \$70,000 debt will not be payable.

Thus, an effective 75% interest in Bootu Creek lies in the range of \$(2,175,000) (negative) to \$23,700,000 with a current preferred Expected Value of \$10,875,000.

- 7.3.7 It should be noted that Bootu Creek does not have the necessary funds to exploit the Bootu Creek Manganese Project. Whilst the MOA is in place, Gemco will fund the exploration and evaluation costs. Once Gemco has earned its 25% interest, Bootu Creek needs to contribute on a 75% basis to finance exploration, evaluation and possible development. Dilution clauses are in the MOA.

8. Combined Consolidated Statement of Financial Position

- 8.1 We set out below a combined (consolidated) pro forma statement of financial position (unaudited) as at 31 December 2002 assuming:
- (a) The acquisition of the remaining 39.83% of Bootu Creek by way of the issue of 13,679,716 ordinary shares at a deemed total cost of \$2,735,943;
 - (b) Accounting for the interests in the mineral tenements at cost plus the excess on consolidation (goodwill) of approximately \$3,285,631 treated as an interest in the Bootu Creek's mineral interests;
 - (c) Using the un-audited 12 April 2003 statement of financial position for Bootu Creek.

**Pro-forma Un-audited
OMH Consolidated
31 December 2002
\$'000's
(Including 100% of
Bootu Creek)**

Current Assets

Cash	5,366
Inventories	4,037
Receivables	20,810
Total Current Assets	<u>30,213</u>

Non Current Assets

Security deposits	13
Interest in mining tenements - Bootu Creek	3,286
Plant and equipment at net written down value	3,723
Intangibles	225
Total Non Current Assets	<u>7,247</u>
Total Assets	<u>37,460</u>

Current Liabilities

Payables	19,262
Interest bearing liabilities	3,218
Provisions - tax	184
Unsecured loans	39
Total Current Liabilities	<u>22,703</u>

Non Current Liabilities

Vendor loan	70
Interest bearing liabilities	49
	<u>119</u>
Total Liabilities	<u>22,822</u>
Net Assets	<u>14,638</u>

Equity

Contributed equity	8,128
Reserves	1,318
Accumulated losses	3,001
Net equity attributable to members of the parent entity	<u>12,447</u>
Minority Interests	2,191
Net equity	<u>14,638</u>

- 8.2 The number of fully paid ordinary shares on issue in OMH after the issue of shares to the minority interests of Bootu Creek would be 61,199,717. This equates to a theoretical book value per OMH fully paid share (assuming 100% ownership of

Bootu Creek) of approximately 20.3 cents compared with a 31 December 2002 unaudited book value of an OMH share of 21.6 cents.

- 8.3 Using the low, high and preferred adjusted independent values for Bootu Creek's effective 75% interest in mineral exploration tenements (Manganese Project) on a going concern basis results in a theoretical technical fair value of an OMH share of between 14.9 cents and 58.4 cents, with a preferred technical fair value of 32.7 cents. This assumes 61,199,717 shares are on issue.

9. Conclusion as to Fairness

- 9.1 The proposals pursuant to resolution 5 are believed fair to OMH's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the shares in Bootu Creek being acquired.
- 9.2 Due to the nature of the business of Bootu Creek, valuations are dependent upon the value placed on the mineral interests of Bootu Creek. The valuation of mineral interests and valuing future profitability and cash flows is extremely subjective as it involves assumptions regarding future events that are not capable of independent substantiation.
- 9.3 We have examined below the values attributable to the shares proposed to be issued, and the value of the consideration offered by OMH to the minority interests of Bootu Creek.

	Low	Preferred	High
Assessed "value" based on independent preferred valuations of mineral interests – 75%	\$(2,175,000) (Negative)	\$10,875,000	\$23,700,000
39.83% interest in assessed values (as OMH already has a 60.17% interest in Bootu Creek)	\$(866,302)	\$4,331,513	\$9,439,710
Value of consideration being offered by OMH using a market based approach 13,679,716 shares	\$2,188,754	\$2,735,943	\$3,830,320

- 9.4 Notwithstanding that the low value of the consideration payable is significantly higher than the low assessed fair value interest (by \$3,055,056), due to the significant upside potential as noted by SRK Consulting as noted in the preferred and "high" values of the 39.83% interest in Bootu Creek, compared with the preferred and high accounting consideration values, (on a market value approach which is considered more relevant, for the reasons outlined in section 5 of this report), the proposals as a package pursuant to resolution 5 are considered fair.

10. Reasonableness of the Offer

- 10.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposals pursuant to resolution 5.

Advantages

- 10.2 Based on the SRK Consulting valuation report, there appears to be significant upside potential on the Bootu Creek Manganese Project and acquiring 100% of Bootu Creek shortly (in effect to acquire a 75% interest in the Manganese Project (from approximately 45.12%) may be cheaper now than to acquire the extra percentage later on when the value of the Manganese Project may be significantly higher.
- 10.3 The outlay by OMH is in shares (13,679,716 ordinary shares) to acquire the minority interest in Bootu Creek. There is no initial cash outlay and the shares in OMH at around 16 cents to 20 cents (in March/April/early May 2003) are towards the low end of an OMH share price over the past 12 months.
- 10.4 Although there will probably be another party in the manganese project (Gemco - with a 25% interest), if the Project passes the bankable feasibility tests, the financing of the Project may be easier as minority interests (the minority in Bootu Creek) will have been eliminated. Financiers, historically, do not like dealing with minority interest (in private company entities holding a significant interest in a mineral project).

Disadvantages

- 10.5 The number of fully paid shares on issue may rise to 61,199,717 upon acquisition of 100% of Bootu Creek and excluding the exercise of the 3,964,000 unlisted options detailed at 2.2 of this report.
- 10.6 Exploration success is not guaranteed and therefore there is always the risk in acquiring new exploration tenements by whatever means.
- 10.7 The Company is acquiring exploration commitments that will need to be met in due course. The Company's existing cash reserves are not great and thus capital raisings will be required to meet the new liabilities and expend money on the proposed newly acquired exploration interests. This factor could lead to further erosion of current individual shareholders' equity in the Company.

11. Conclusion as to Reasonableness

- 11.1 After taking into account the factors referred to in 10 above and elsewhere in this report, we are of the opinion that the proposals as outlined in resolution 5 may be considered reasonable to the non- associated shareholders of OMH.

12. Sources of Information

12.1 In making our assessment as to whether the proposals are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company and Bootu Creek that is relevant to the current circumstances. In addition, we have held discussions with the management of OMH about the present and future operations of OMH and Bootu Creek. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of OMH.

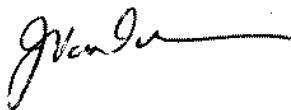
12.2 Information we have received includes, but is not limited to:

- Draft Notice of Annual General Meeting of Shareholders of OMH and draft Explanatory Memorandum To Shareholders prepared in May 2003;
- Discussions with management and directors of OMH;
- Details of historical market trading of OMH ordinary fully paid shares recorded by ASX to 20 May 2003;
- Shareholding details of OMH as supplied by the company's share registry at 15 May 2003;
- Annual report for OMH for the years ended 31 December 1999 to 2002;
- Audited annual financial statements of OMH for the 12 months ended 31 December 2002;
- Announcements made by OMH to the ASX from 1 January 2002 to 20 May 2003;
- The Independent Valuation Report of SRK Consulting dated April 2003 relating to the exploration interests of Bootu Creek and included as Appendix B to this report;
- Various correspondence between Bootu Creek and OMH relating to the proposed acquisition of the minority interests in Bootu Creek;
- Discussions with the author of the SRK Consulting Valuation Report;
- Un-audited management accounts of OMH for the period to 31 March 2003;
- Un-audited management accounts of Bootu Creek for the period to 31 December 2002, three months to 31 March 2003 and the period 1 January 2003 to 12 April 2003; and
- Documentation between the minority interests of Bootu Creek and OMH relating to the acquisition of the 39.83% shareholding interest in Bootu Creek.

12.3 Our report includes Appendix A attached to this report.

Yours faithfully

STANTON PARTNERS CORPORATE PTY LTD



J P Van Dieren
Director

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stanton Partners Corporate Pty Ltd dated 21 May 2003, relating to resolution 5 outlined in the Notice of Annual General Meeting of Shareholders of OMH.

At the date of this report, Stanton Partners Corporate Pty Ltd does not have any interest in the outcome of the proposal. There are no relationships with OMH or Bootu Creek other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stanton Partners Corporate Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at \$10,000. The fee is payable regardless of the outcome. With the exception of that fee, neither Stanton Partners Corporate Pty Ltd or John P Van Dieren have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report.

Stanton Partners Corporate Pty Ltd does not hold any securities in OMH or Bootu Creek. There are no pecuniary or other interests of Stanton Partners Corporate Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stanton Partners Corporate Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stanton Partners Corporate Pty Ltd is the holder of an Investment Advisers Licence under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions. A number of the partners of Stanton Partners are the Directors of Stanton Partners Corporate Pty Ltd. Stanton Partners and Stanton Partners Corporate Pty Ltd have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies or businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered. Mr Van Dieren also holds an Investment Advisers Licence relating to the provision of expert reports on mergers, takeovers and acquisitions.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of OMH in order to assist the shareholders of OMH to assess the merits of the proposals to which this report relates. This report has been prepared for the benefit of OMH and those persons only who are entitled to receive a copy for the purposes of ASX Listing Rule 10.1 and does not provide a general expression of Stanton Partners Corporate Pty Ltd's opinion as to the longer term value of OMH or Bootu Creek. Stanton Partners Corporate Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Bootu Creek or any subsidiaries of OMH. Neither the whole or any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stanton Partners Corporate Pty Ltd to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stanton Partners Corporate Pty Ltd with due care and diligence. However, except for those responsibilities, which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stanton Partners Corporate Pty Ltd, Stanton Partners, its partners, employees or consultants for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stanton Partners Corporate Pty Ltd may rely on information provided by OMH and its officers (save whether it would not be reasonable to rely on the information having regard to Stanton Partners Corporate Pty Ltd experience and qualifications), OMH has agreed:

- a) To make no claim by it or its officers against Stanton Partners Corporate Pty Ltd to recover any loss or damage which OMH may suffer as a result of reasonable reliance by Stanton Partners Corporate Pty Ltd on the information provided by OMH and Bootu Creek; and
- (b) To indemnify Stanton Partners Corporate Pty Ltd against any claim arising (wholly or in part) from OMH or any of its officers providing Stanton Partners Corporate Pty Ltd any false or misleading information or in the failure of OMH or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stanton Partners Corporate Pty Ltd.

A draft of this report was presented to OMH directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**STEFFAN ROBERTSON & KIRSTEN
(AUSTRALASIA) PTY LTD
("SRK Consulting")**

Independent Geologists Valuation Report

OM Holdings Ltd

**Independent Assessment of the Value of Mineral
Assets of Bootu Creek Resources Pty Ltd**

April, 2003

OM Holdings Ltd

Independent Assessment of the Value of Mineral Assets of Bootu Creek Resources Pty Ltd

SRK PROJECT CODE OM301

April 2003

Compiled by:



Endorsed by:



Consultant Name

Louis Voortman

Principal Name

Mike Warren

Authors: Louis Voortman, Amanda Buckingham, Mike Warren, Phil Uttley

The conclusions and recommendations expressed in this report represent the opinions of the authors based on the data available to them. The opinions and recommendations provided from this information are in response to a request from the client and no liability is accepted for commercial decisions or actions resulting from them.

Summary

The principal mineral assets of Bootu Creek Resources Pty Ltd (BCR) comprise the advanced exploration stage Bootu Creek Project containing an identified manganese resource, located approximately 800 km south of Darwin in the Northern Territory, Australia. BCR is currently the 90% registered owner of two exploration licences overlying the area, diluting to 75%.

This Report has been prepared in accordance with the provisions of the Valmin Code as promulgated by the Australasian Institute of Mining and Metallurgy (AusIMM) concerning independent technical and valuation reports.

The purpose of this Report is to provide an independent technical assessment and valuation of these mineral assets for an arrangement whereby the minority shareholders of BCR exchange their equity in that company for shares in OM Holdings Ltd (OMH). OMH is a company listed on the ASX and owns 60.2% of BCR. The main business of OMH is trading manganese ores into China, converting these ores in alloys and selling the alloys to steel mills in eastern Asia. Stanton Partners Corporate Pty Ltd have been assigned the task of preparing a letter of advice to the shareholders of BCR.

SRK understands that a total of A\$3 million has been budgeted by OM Holdings Ltd (OMH) to complete a feasibility study on the project and that A\$0.7 million has been spent to date on drilling and sampling by Groote Eylandt Mining Company Pty Ltd (GEMCO). GEMCO have thereby earned a 10% interest in the Joint Venture and the tenements with immediate effect on 3 April 2003. GEMCO has committed to spending the additional A\$2.3 million for an additional 15% interest in the Joint Venture and the tenements.

The Bootu Creek Project is located on flat terrain approximately 110 km north of Tennant Creek and approximately 10 km to the east of Stuart Highway and near to the Alice Springs to Darwin railway line which is currently under construction.

Based on the current information, the exploration data from the Bootu Creek Project is categorised according to the JORC Code as an Inferred Mineral Resource. The inferred category results from geological evidence based on information gathered through Percussion and RC drilling. The JORC Code does not allow ore reserves to be computed from an Inferred Resource. For this advanced exploration stage Bootu Creek Project, a limited amount of metallurgical testing and a limited comparison of duplicate pulp analyses with original analyses have been completed. The limited metallurgical testing provides an indication of likely yield for lump and fines products. The limited sampling comparison shows no evidence of apparent bias.

The effort necessary to upgrade a significant portion of the resource from Inferred Resource to Indicated and Measured Resource according to the JORC Code, is considered to be low risk. This Report therefore considers the mineral asset as an Inferred Resource to which a value can be assigned related to a preliminary and conceptual mining and processing schedule, taking into account appropriate discount factors to allow for the degree of uncertainty inherent in the deposit at this stage.



The effort necessary to derive sufficient Probable or Proved Reserve from a relevant category of mineral resource according to the JORC Code, is considered to be moderate to high risk. This risk will remain until sufficient metallurgical test results are available on which to base definitive lump and fines yield parameters.

The technical values presented herein are based on a stochastic risk analysis applying distributions to each input variable, after discounting for geological and metallurgical risk. The drilled portion of the Bootu Creek manganese project is estimated to have an Expected Value of A\$11.2 million with a low of A\$-2.2 million and a high of A\$24.2 million.

There is strong geophysical support for possible along-strike extensions at short distances from the current pits. The Expected Value of the along-strike exploration potential of the Bootu Creek project is estimated at A\$3.3 million with a low of A\$-0.7 million and a high to A\$7.4 million.

SRK understands that BCR and GEMCO are committed to spending the full A\$3 million on the feasibility study, including drilling and sampling monitored by a relevant QA/QC program to upgrade the resource to a JORC compliant Indicated and Measured Resource, including diamond drilling to obtain additional metallurgical samples for beneficiation tests, additional engineering tests and an Environmental Impact Assessment later in 2003.

The Preferred Expected Value for the full project, after discounting for geological and metallurgical risks, is estimated at \$14.5 million with a low of A\$-2.9 million and a high of A\$31.6 million.

Total Expected Value (A\$ million)			
	Low	Preferred Value	High
EV of drilled resource	-2.2	11.2	24.2
EV of along-strike extensions	-0.7	3.3	7.4
Total	-2.9	14.5	31.6



JORC STATEMENT

The information in this report that relates to Mineral Resources is based on information compiled by Louis Voortman. Louis Voortman is a Fellow of The Australasian Institute of Mining and Metallurgy.

Louis Voortman is a full-time employee of SRK Consulting.

Louis Voortman has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 1999 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves".

Louis Voortman consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.



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1 Introduction

1.1 Objective

SRK Consulting (SRK) was commissioned by OM Holdings Ltd (OMH) to provide an independent valuation of the mineral assets of Bootu Creek Resources Pty Ltd (BCR). This report was prepared by SRK for OMH with the purpose to independently assign a technical value of the mineral holdings on the two exploration tenements located in the Northern Territory of Australia, numbered EL 10412 and EL 22428, of which BCR is the current owner.

1.2 Project Team

Louis Voortman, Principal Geostatistician, SRK Perth, collated the available information and completed a project risk analysis for the independent valuation based on earlier work completed by SRK in April 2003.

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Louis Voortman, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. At the time of completion of the report Louis Voortman is a full-time employee of the company.

Louis Voortman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 1999 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves. Louis Voortman consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Peer review of the project potential and risk analysis was provided by Dr Peter Williams, Principal Consulting Geologist of SRK Perth, Phil Uttley, Principal Geologist of SRK Canberra, and of the risk analysis and the final report was provided by Mike Warren, Principal Consultant, SRK Sydney.

1.3 Statement of Capability

The SRK Group comprises over 500 professional staff, offering expertise in a wide range of resource engineering disciplines. The SRK Group has examined numerous base metal projects around the world, including hydrothermal manganese deposits in Brazil similar in geological styles to that found at Bootu Creek, sedimentary manganese deposits at Groote Eylandt and similar deposits in South Africa, from the aspects of exploration, resource estimation and mining feasibility.

The SRK Group's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgement issues.



The SRK Group has a demonstrated track record in undertaking independent assessments of resources and reserves, project evaluations and audits, Competent Persons Reports, Prospectuses and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. The SRK Group has also worked with a large number of major international mining operations and projects, providing mining industry consultancy service input and has specific experience in transactions of this nature.

1.4 Independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report or in any of the mineral assets being assessed. Nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK completed an internal report in April 2003 for OM Holdings Ltd in regard to the mineral assets that are the subject of this Report. The previous report was intended as an independent internal report for OMH and has partly served as the basis for this Report.

SRK has made inquiries via electronic mail of all of its staff involved in or aware of this Report if they, or any of their families or immediate associates, hold shares in OM Holdings Ltd, or interests in any of the mineral assets that are the subject of this report. None have indicated that they do.

SRK's fee for completing this Report is based on its normal professional hourly rates and is included in the fee of A\$37,632 plus reimbursement of incidental expenses for the earlier internal report mentioned above.

1.5 Warranties

The opinions expressed in this report have been based on the information supplied to SRK by Bootu Creek Resources Pty Ltd. SRK has exercised all due care in reviewing the supplied information.

BCR/OMH have represented in writing, to the best of its knowledge, that a full disclosure of all material information has been made to SRK that is relevant to this Report, and that such information is complete, true and accurate. SRK has had complete access to BCR personnel and records to the extent required for a proper assessment of the mineral assets that are the subject of this Report. None of the information to be divulged in the Report is confidential.

1.6 Indemnities

As recommended by the VALMIN Code, BCR has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required which results from SRK's reliance on information provided by BCR or to BCR not providing material information, or which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.



1.7 Consents

SRK consents to this Report being included, in full, by Stanton Partners Corporate Pty Ltd in its Independent Expert's Report to shareholders and potential investors, in the form and context in which the technical assessments and valuations are provided, and not for any other purpose.

SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report and the Cover Letter.

1.8 Material Agreements, Tenements and Conditions.

During the course of this Technical Assessment, SRK has viewed material agreements, tenement documentation, status, and maps covering the principal mineral assets that are the subject of this Report as kept in the BCR West Perth offices.

SRK did not independently verify the current validity of any tenements or applications for tenements, nor did SRK review documentation related to any of the proposed transactions. However, SRK understands that the tenements are valid, and in good standing.

1.9 Independent Technical Value

The Corporations Act 2001 seeks to ensure that a transaction takes place in an efficient, competitive and informed market. The fundamental objective of an expert report is shareholder protection, and an expert report must ensure to safeguard the rights of shareholders of a company and the interests of potential shareholders.

To ensure that a transaction or offer is fair, consideration must be given that the transaction or offer is equal to, or more than, the value of the underlying asset. Fairness is therefore related to a quantitative issue. To ensure that a transaction or offer is reasonable, consideration must be given to all other non-quantitative issues which are considered material to shareholders insofar as it affects their decision making on the matter. SRK understands that this independent Report will be used by Stanton Partners, Perth, to assist in assigning a "fair and reasonable" value to the mineral assets in the tenements held by BCR.

SRK is of the opinion that this Report contains all information necessary to make a informed and knowledgeable estimation at this stage of the technical value of the mineral resource present on the tenement holdings, and that all relevant issues related to the orebody, mining, processing and transport have been considered. Cost, marketability and revenue issues have also been considered



2 Mineral Resource

2.1 Introduction

During April 2003, SRK completed a resource and reserve estimate of the Bootu Creek mineral assets and reported the results in an internal report to BCR. This work defined an identified mineral resource of 7.3 million tonnes at 28% manganese (Mn) in the project area. The resource was estimated based on a geostatistically derived grade block model for Mn based on the constraint of an 18% Mn cut-off grade.

Considerable along-strike extensions to the drilled-out resource have been recognised and the additional 'near-resource' exploration potential has been established over a total strike length of 23.8km. The association of the conductivity data from air-borne geophysical surveys, with some ground follow-up in the drilled area, and the manganese mineralisation was established by drilling and the strike extensions are based on mapping of the air-borne TEM signature.

At this stage of the project, SRK has been requested to estimate an expected value of the mineral assets held by BCR based on the available mineral resource, the exploration potential in the along-strike extensions and a basic review of mining, haulage, processing, transport, handling and shipping and owner and royalty parameters.

2.2 Geology

A summary of geology and historic mining is derived from a comprehensive review by Ferenczi (2002) and was compiled by SRK in an internal report to OMH (Voortman and Warren, April 2003). Bootu Creek is situated about 110km north of Tennant Creek and 10km east of the Stuart Highway in the Northern Territory. The area contains numerous manganese occurrences including the abandoned Mucketty mine (also known as Rossi prospect). Between 1955 and 1969, some 13,000 tonnes of ore grading 42% Mn was mined from five shallow open cuts.

Bootu Creek forms part of the Ashburton Province consisting of Proterozoic platform cover of fluvial to shallow marine sandstone with minor volcanic rocks, siltstone and carbonate rocks comprising the Tomkinson Creek Subgroup conformably overlying the Flynn Subgroup. A recessive sequence of calcareous siltstone and stromatolitic dololomite, comprising the Attack Creek Formation, is overlain by a predominantly ridge-forming sandstone sequence, the Bootu Formation, containing an extensive manganese-rich horizon near the base, within dolomitic siltstone and medium grained sandstone.

The Bootu Creek manganese horizons occur in the lower part of the Bootu Formation (Hussey et al., 2001). The Bootu Formation is folded around a faulted syncline (Bootu Syncline) that plunges gently to the northnorthwest. Bedding dips at low to moderate (10-45°) angles and averages about 30°. Several north-trending faults have been mapped along the western limb of the Bootu Syncline with lateral displacements up to 300m. The manganiferous horizon can be discontinuously traced along a distance of 24 km around the syncline as a series of black ridges and knolls.



At Mucketty, the manganese horizon exposed in the open cuts is up to 8.6m in thickness and averages 6m. Mining via shallow (to 8m depth) open cuts has taken place over a 760m strike length. Metallurgical grade (>38% Mn) manganese ore is up to 2.7m thick and averages about 1.2m. This material is grey to black, massive or reniform in texture, and found toward the base of the orebody where manganese completely replaces siltstone. Pyrolusite is present as veinlets through the massive psilomelane ore.

Medium grade resource (22-38% Mn) is grey to black, with numerous medium to fine grained, quartz grains and found above the metallurgical grade resource where the Mn replaces quartz sandstone or partially replaces siltstone. Gangue minerals include quartz, barite, chalcedony, calcite and gypsum. Bedding is often preserved in this ore. Low-grade ore (6%-22% Mn) consists of manganiferous sandstone capping quartz sandstone above medium grade ore.

The manganese is believed to be hydrothermally concentrated (low temperature replacement) in stratabound massive Mn (+Fe) oxide lenses in the shallow marine sediments. Cryptomelane is the dominant mineral, pyrolusite and minor hollandite are also present with varying amounts of quartz and goethite, and minor barite, calcite and chalcedony as gangue. Mn (and Fe) oxides replacing quartz arenite, siltstone and dolomite form lenses up to 12 m in thickness, with massive material confined to replacement of siltstone and dolomite lithologies.

Post-mining exploration includes two percussion holes drilled by Esso Australia in 1982, rock chip sampling by Eupene Exploration in 1990 and airborne GEOTEM, ground TEM, rock chip sampling and a small drilling program by BHP Minerals in 1995-96.

A limited surface bulk (10 kg) sampling program (four samples) by the Northern Territory Department of Mines and Energy to evaluate beneficiation characteristics of the Bootu and Mucketty manganese orebodies suggests significant variations in resource quality exist (Smith 2000).

An overview of the geology is presented in Figure 1.



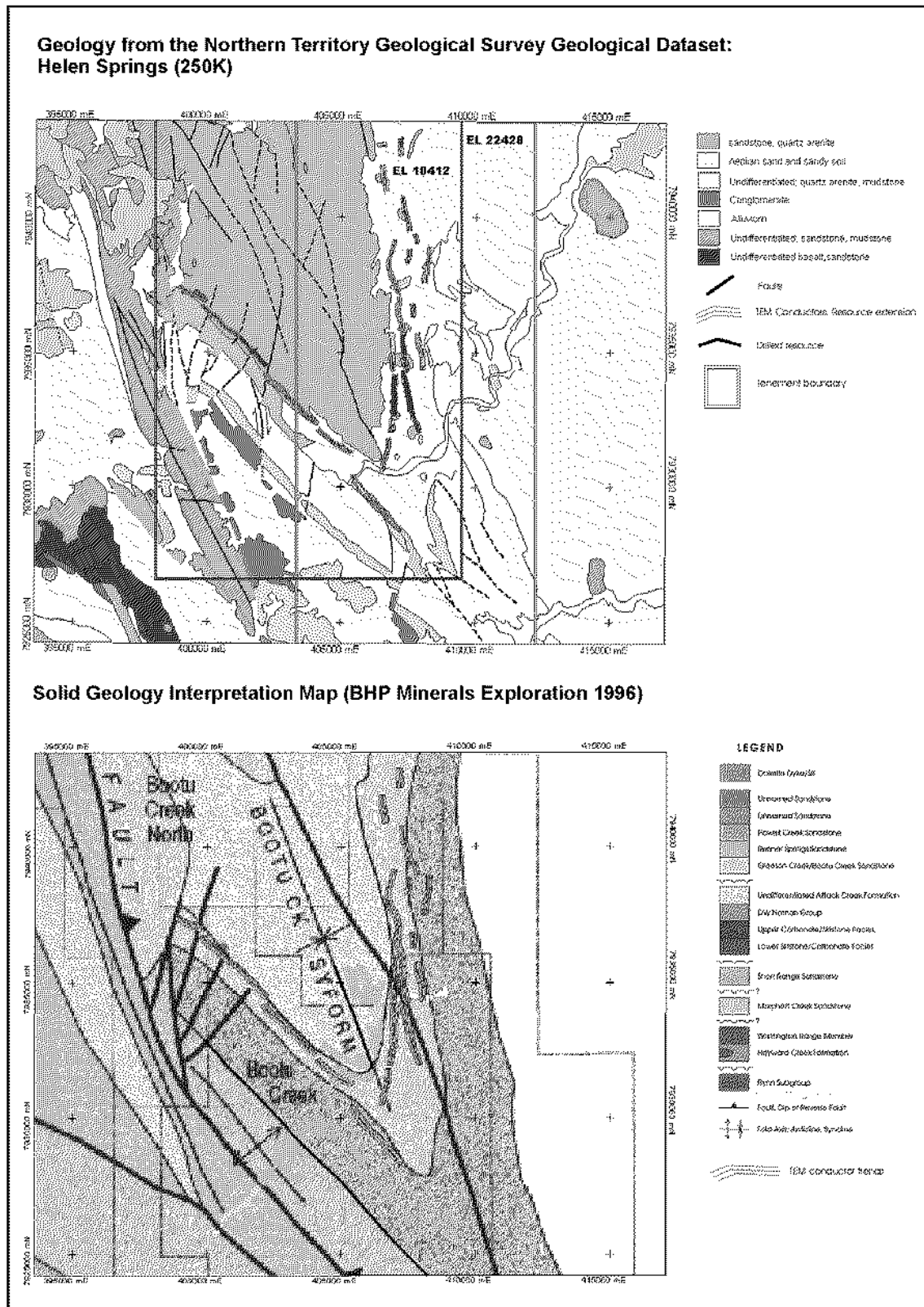


Figure 1. Overview of the geology in the Bootu Creek Project Area.

2.3 Data and Resources

2.3.1 Tenement Holdings

The location of the two tenements, EL 10412 and EL 22428, of which BCR is the current owner, is shown in Figure 2. The total extent of the two tenements is 362.9 km². BCR has provided SRK with a copy of the tenement ownership details as obtained from the Northern Territory Department of Business, Industry and Resource Development 'Titles Information System'. This shows that BCR is registered as the 100% current holder of the licences, through the contact name Richard Exploration Administration Services Pty Ltd (note that now GEMCO has spent A\$0.3 million as part of the Joint Venture agreement, this will dilute to 90% ownership, refer Section 3.8)

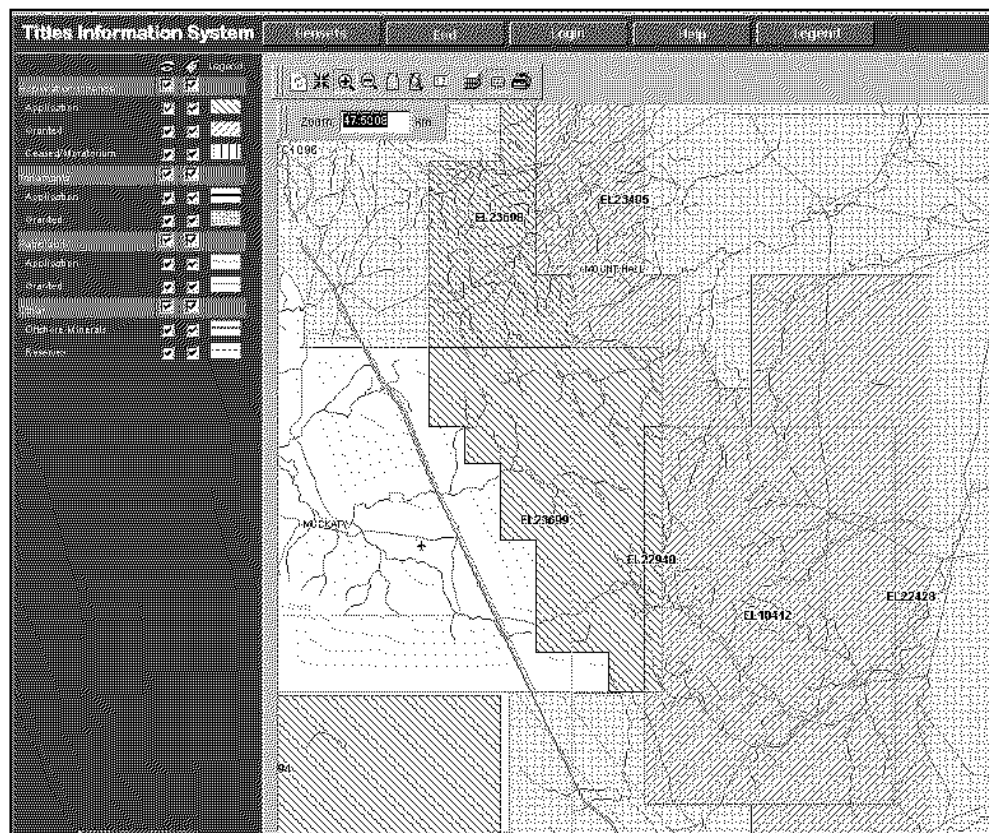


Figure 2. Location of tenements EL10412 and EL22428 as shown on the Northern Territory Government 'Titles Information System' website.

2.3.2 Independent reports

At this stage, no independent report by another expert is available.

2.3.3 Joint Venture Agreement

SRK has read the Joint Venture agreement between GEMCO and BCR dated the 19th of September 2002.

SRK understands that a total of A\$3 million has been budgeted by OM Holdings Ltd (OMH) to complete a feasibility study on the project and that A\$0.7 million has been spent to date on drilling and sampling by Groote Eylandt Mining Company Pty Ltd (GEMCO) for a 10% interest in the Joint Venture and the tenements. The Agreement does not describe whether GEMCO can obtain a larger shareholding than this 25% (refer also Section 3.8).

2.3.4 Site Visit

In accordance with the Valmin Code, a mineral asset/tenement should be inspected by the independent expert where inspection is likely to reveal information or data that is material to the report/valuation. The decision whether or not to conduct such an inspection must be made by the independent expert, and not by the commissioning entity. SRK were not able to conduct a site visit due to un-seasonal rain at Bootu Creek during February and March 2003.

SRK were appointed by BCR as independent experts on 7 February 2003. Dr Jan de Visser of SRK travelled from Perth to Darwin on 14 February 2003 in preparation for a site visit during the following two days. Travel by plane to Tennant Creek and from there by car to Bootu Creek was cancelled by BCR early on 15 February due to heavy rains and flooding overnight. Trevor Tennant of BCR who was in Tennant Creek at the time observed the adverse weather and road conditions.

At the time of the completion of the initial SRK work, the conditions at Bootu Creek were still adverse, according to OMH. SRK has not endeavoured to independently verify BCR's assessment of the weather and road conditions and has not made a site visit. However, SRK was satisfied that there is sufficient current information available to allow an informed appraisal to be made without site inspection and an attempt to a site visit was not made at a later date. BCR and OMH have made available sufficient geographical, geological and geophysical data for SRK for the purposes of an independent valuation.

2.3.5 Mineral Resource

SRK's opinion is that, at this stage, the Bootu Creek Mn resource is compliant with the JORC Code as an Inferred Resource category only. There is limited QA/QC data and no QA/QC report available. SRK does not suspect that there are material issues, but cannot verify this further on the basis of the limited information collected by OMH/BCR. In particular, the absence of routine and independent assay quality control leaves it unknown whether acceptable levels of accuracy (i.e. lack of bias) have been established consistently over time. In this report, the term Inferred Resource is therefore used to describe the volume of the 'mineral resource' for which a tonnage, grade and mineral content can only be estimated with a low level of confidence until further infill drilling and beneficiation testing has been completed.



The Bootu Creek project area that has been probed to date by a total of 115 Reverse Circulation holes and 224 Percussion holes on a nominal 50m x 20m grid. The deposit consists of an eastern limb and a western limb, and is divided into a number of different areas known as the Shekuma, GoGo, Xhosa, Chugga and Tourag areas. A general map of the drillhole cover in the Eastern Limb is shown in Figure 3. The continuity of the mineralisation in the drilled area is judged to be good and the shape of the resource can be followed from drill section to drill section. In a previous study SRK has wireframed the resource after independently checking the sections and defining new shapes in these drill sections where deemed necessary. The coloured outlines in Figure 3 are projections of the wireframes defined by SRK in a previous study and are based on the continuity of the orebody from drill section to drill section.

A total of 2,925 samples were analysed by an XRF-fusion method for Mn and, except for four drillholes, also for Al_2O_3 , CaO, K_2O , Fe, Fe_2O_3 , MgO, Mn, Na_2O , P, SiO_2 , TiO_2 , LOI and Ba. QA/QC data consists of 190 field duplicates analysed by GEMCO and a report by Amdel Mineral Services on their internal quality assurance results. Submission of independent standards and blanks was not part of the assaying protocol and the accuracy of the database can therefore not be quantified.

The analytical laboratory has operated under a routine internal quality control program. External checks exist but are limited to assaying by GEMCO of unwashed samples of 190 field duplicates by XRF-fusion. Figure 4 shows a scattergram of the Amdel and GEMCO analyses on a second scoop of the pulp samples. The results show no significant bias, but this does not present an independent check on the reliability of the entire database.



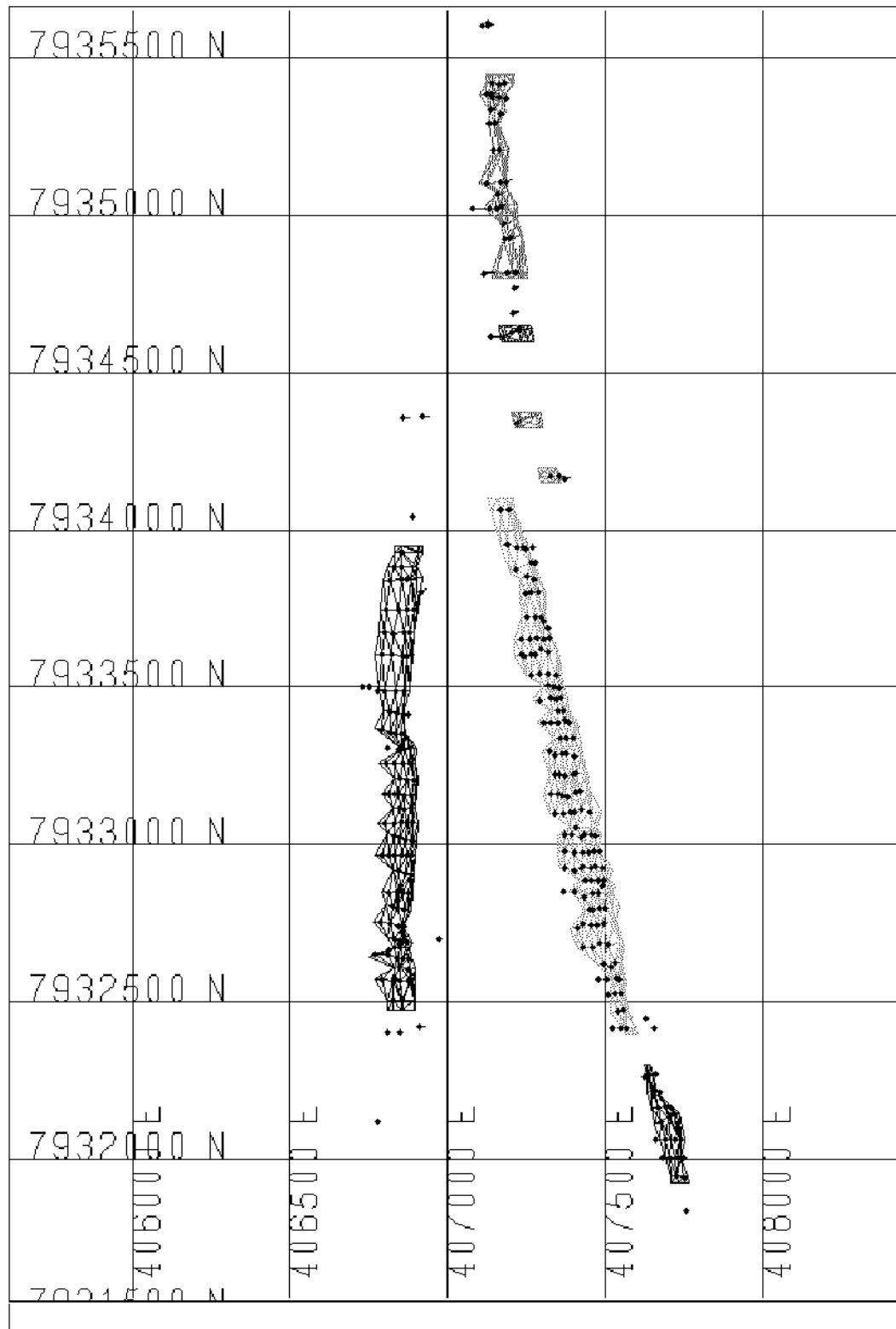


Figure 3: Drillhole location plan and resource outlines on the eastern limb (grid is 500m).

Although no QA/QC program was in place, and the accuracy and precision of the analyses cannot be quantified, SRK believes that the level of analytical risk in the database is low.

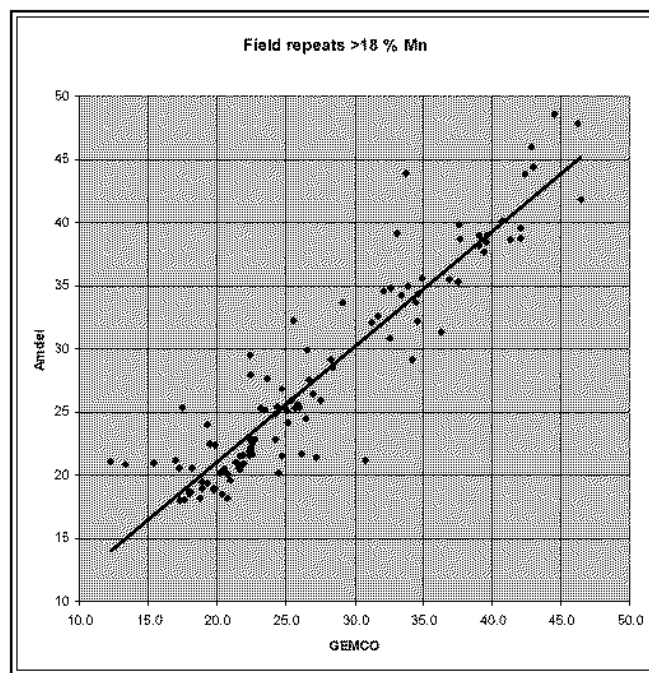


Figure 4. Comparison of GEMCO and Amdel analyses.

Collar locations were either ground surveyed or determined by GPS, however there is no information on the accuracy of surveys used to locate the collars and down-hole surveys were not taken. There is a pronounced increase in in-situ Mn grade towards the basal part of the ore horizons. Most of the currently defined tonnage occurs on the eastern limb. Although the accuracy of the collar and down-hole sample positions cannot be quantified, SRK believes that the level of survey risk in the database is low.

SRK independently estimated a total Inferred Resource of 7.3 million tonnes at 28% Mn, based on sectional interpretations defined at an 18% Mn cut-off, based on block kriging and applying a constant dry bulk density of 3.0g/cm³. Blocks with a grade estimated to be lower than 18% Mn were excluded from the resource.

Dry weight/water displacement determinations are available on 71 drillhole chip samples from intervals with more than 18% Mn. These indicate a positive correlation between Mn grade and density. Ideally, density would be part of the estimation process, for instance by interpolating both the product of grade and density and the density by itself, followed by back-calculation of the block grade. The current density data for Bootu Creek is, however, incomplete and approximate and a constant dry bulk density of 3.0g/cm³ was used for the identified mineral resource. SRK believes that the level of density risk in the database is moderate.

2.4 Native Title

SRK has not independently investigated the Native Title situation on the claims. The following information regarding the Native Title situation has been provided by BCR.

The status of the land is that there is a potential land claim and BCR are dealing with the Northern Land Council (NLC), the organization representing Aboriginal people in this portion of the Northern Territory, on the basis that the land claim will be successful.

BCR have come to an agreement with the NLC whereby they lifted objections to the granting of the EL10412. This agreement is likely to foreshadow that BCR will be able to negotiate a mining agreement with the NLC on behalf of the claimants or traditional owners of the land, as is the case with tenements in the NT and in WA.

BCR have given notice to the NLC that it should commence detailed discussions on this subject in early May 2003.



3 Project Valuation

SRK has valued the Bootu Creek manganese resource using a probabilistic Discounted Cash Flow (DCF) method where DCF analysis has been made on a potentially mineable resource that has currently an Inferred Resource status. A series of assumptions are made to define acceptable parameters and costs for generating a conceptual mineable resource from the Inferred Resource.

The proposed mining method is open pit mining with processing by conventional screening and heavy media separation methods. BCR/OMH propose constructing a mine and plant capable of producing and treating between 350,000 and 400,000 tonnes of lump and fines product per annum, subject to the project's final viability.

The deposit occurs within an intensely altered/weathered sequence of medium grained sandstone and dolomitic siltstone that is believed to be free digging to a depth of 40m. This assumption has significant impact on mining costs due to a diminished requirement for drilling and blasting of the less competent material. Grade control sampling is envisaged to be based on a form of trench sampling (for example using a "Ditchwitch" machine) or chip sampling of the exposed pit face.

3.1 Potentially Mineable Portion of the Resource

BCR is planning to mine the deposit using a form of 'slot mining' with all material removed and waste material hauled back and dumped within the pit. At this stage, SRK has estimated that 75% of the total in-situ Inferred Resource can be allocated to define the 'mineable' portion of the total resources in practice, using the along-strike slot mining method. This mineable portion contains all material enclosed by a conceptual pit outlined by SRK.

As a result, a total of 5.3 million tonnes out of the 7.3 million tonnes of in-situ Inferred Resource has been considered by SRK as the 'potentially mineable resource' that can be extracted over the life of the mine. It is based on information gathered through an initial drilling program and limited beneficiation testing carried out by GEMCO on behalf of BCR.

A factor of 65% has been used to convert run-of-mine (ROM) material to a mineable resource of combined lump and fines. This is based on a judgement that 50% of the metal content of the ore will convert to the lump material with 32% of the tonnage reporting to the lump material (a 32% 'mass pull'), and an additional 15% of the metal content to the fines. SRK studied the results of the washing of 109 samples sent by BCR to GEMCO for beneficiation testing. A listing of the results is provided in Attachment 1.

Table 1 provides a listing of the results of the 80 samples with a minimum feed grade of 18% Mn. The average lump metal yield of the available sample at 47% supports the 50% applied in the study. High grade fines with an average grade of 53.8% Mn can be generated from these washed samples at an average mass pull for fines of 20.3%. The total achieved mass pull factor of 52.3% (32.0% for lump plus 20.3% for fines) supports the 42% mass pull factor used in the study.



A conceptual open pit has been scheduled on the 'mineral resource' using these average values and this yields a total production of 2.2 million tonnes of lump and fines product over the life of the mine.

Results on 80 BCR samples washed by GEMCO				
Calculating the actual fines grade				
Average Mn Feed Grade	Average Mn Lump Grade	Average Lump Metal Yield	Average Fines Mass Yield	Average Mn Fines Grade
28.6%	38.2%	46.9%	53.1%	19.9
Calculating the fines grade on a lower 'mass pull'				
Average Mn Feed Grade	Average Mn Lump Grade	Average Lump Metal Yield	Average Used Fines Mass Yield	Average Mn Fines Grade
28.6%	38.2%	46.9%	20.3%	53.86

Table 1. Calculation of lump and fines yields at different tonnages ('mass pull') reporting to fines material.

Figure 5 provide graphs of the Mn-Fe and a Mn-SiO₂ scattergrams based on the 109 samples that were washed at GEMCO for beneficiation tests. The graphs indicate that there is only a very low correlation between Mn and Fe values but a very good negative correlation between Mn and SiO₂ values.

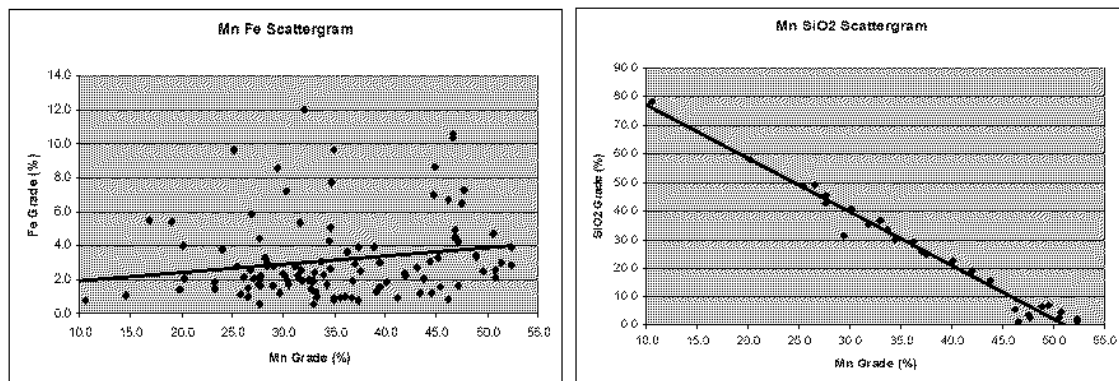


Figure 5. Mn-Fe and Mn-SiO₂ scattergrams of the GEMCO washed samples.

3.2 Revenue and Operating Costs

SRK established a preliminary conceptual mining schedule with the tonnages and grades based on this free digging capacity. The tonnes and grades were imported into a spreadsheet which included estimates of metallurgical recovery, mining and processing costs, rail and haulage costs, port charges, admin and management costs, and capital costs, royalties and taxation. The following issues have been taken into consideration.

A table of annual average 48% to 50% manganese ore prices in US\$ per metric tonne unit c.i.f. in US ports from 1980 to 1998 (based on US Bureau of Mines and US Geological Survey data as published on the internet) is shown in Table 2.

	US\$/mt		US\$/mt
1980	1.67	1990	3.78
1981	1.69	1991	3.72
1982	1.56	1992	3.25
1983	1.36	1993	2.60
1984	1.40	1994	2.40
1985	1.41	1995	2.40
1986	1.32	1996	2.55
1987	1.27	1997	2.44
1988	1.75	1998	2.40
1989	2.76		

Table 2. Manganese ore prices per metric tonne unit c.i.f in US ports (source US Geological Survey).

The table depicts US prices over the period from 1980 to 1998 but does suggest a large variation in price over this period of more than plus or minus 50%. A broker's research report by Consolidated Minerals Ltd – Bell Potter Securities Ltd, available on the internet, describes the benchmark manganese lump price negotiations with major Japanese steel mills at a price of US\$ 1.97 per metal unit for Woodie Woodie. Depending on the final lump and fines grades that are likely to be produced from Bootu Creek, a price level of US\$1.73 per metal unit is accepted by SRK as realistic at this stage.

The value of the lump and fines production in the DCF model is based on the Mn price of US\$1.73 per metal unit. Over the life of mine, SRK has accepted an average foreign exchange value of A\$0.6 to the US\$. The value of the lump and fines production at this fixed foreign exchange rate translates to a revenue of A\$2.8833 per recovered metal unit.

The 'potentially mineable resource' of 5.3 million tonnes of ore at an average grade of 28% Mn contains a total of 149 million metal units (10kg metal units) contained, of which 96 million metal units is recovered (2.2 million tonnes of lump and fines product). At a revenue of A\$2.8833 per recovered metal unit the potential gross revenue of pit production is A\$280.3 million for the life of the mine.

Mining costs are based on a conceptual pit with a number of starting pits to take out as much ore as possible during the early stages of production. Mining is assumed to be under free digging conditions up to a depth of 40m, at an average dry bulk density of 3.0g/cm³ for ore and 2.2g/cm³ for waste. Using the conceptual pit, the total mining costs including crushing, processing, Heavy Media Separation

(HMS) feed and haulage of waste back to the pit are estimated by SRK at A\$130 million for the life of mine.

Costs for grade control is estimated based on a 2.5m x 3m sampling pattern with every second sample analysed for Mn. Back-haul costs for the waste ore stream back to the pits is a significant cost as part of the slot mining method, and is estimated based on an average fixed haulage cost per tonne of waste mined. SRK estimates the total cost of back-haul of waste and the grade control sampling at A\$13.4 million over the life of mine.

Bootu Creek is situated about 110km north of Tennant Creek or 800km from Darwin, approximately 10km east of the Stuart Highway in the Northern Territory and near to the planned Adelaide to Alice Springs railway to Darwin which is presently under construction. This greatly enhances the 'economic distance' of the project from the nearest shipping port, although limited information is available at this stage on final rail costs. A value of 0.01625 A\$/tkm was proposed by BCR and compares with similar rail costs in Australia. SRK obtained an independent opinion from Freightlink Pty Ltd in Melbourne who confirmed that BCR was given an independent indicative price for the project based on expected tonnages to be railed. For a rail distance of 800km, this translates to a price of A\$13.00 per tonne product. A comparison for the Woodie Woodie manganese deposit which is situated 400 km south of Port Hedland in Western Australia, is not straightforward as Woodie Woodie product is trucked by triple road train. Their trucking costs are published at A\$0.0625/tkm for the 400 km trucking distance. A report of rail operating costs by Booz-Allen & Hamilton mentions a level of A\$0.018/tkm for operations within the corridor or, for a rail distance of 800km, a price of A\$14.40/t. After taking into account a possible reduction of costs as a result of specific bulk transport contract, the value of A\$0.01625/tkm is accepted by SRK as a realistic indicative cost. This translates to a total rail cost of \$29 million for the total production of 2.23 million tonnes of lump and fines material over the life of mine.

A port handling and stevedoring charge of A\$6.00/tonne of product in the Port of Darwin were proposed by the client and compare with similar charges in ports on the east coast of Australia. The Port of Darwin currently has no bulk exports and has no facilities developed at the new East Arm port extension. With the advent of the new Adelaide to Darwin railway, the Darwin Port Corporation is looking at a number of bulk loading methods including mobile ship loaders with transfers by truck from remote stockpiles. The Port of Darwin is currently in the process of putting together a study to ascertain the total port costs for bulk exports from East Arm, and for the moment a port handling charge of \$6.00/t, although at the lower end of the scale, is judged by SRK to be acceptable. The total port handling charges for the life of mine are estimated by SRK at A\$15.6 million.

A Northern Territory State Royalty is based on annual revenue and is therefore linked to the actual mine production sold within a particular year. This revenue may be discounted for operating costs, a capital recognition costs that is calculated on mining equipment used and discounted at a sliding rate published by the Northern Territory Government at regular intervals, and with certain deductions for exploration costs and other costs that are accepted by the Government in a particular tax year. The actual State Royalty is therefore difficult to estimate but SRK is able to do so based on a conceptual pit production schedule for a seven year mine life. The total State Royalties payable for the life of mine are estimated at A\$11 million.

An annual owner royalty will be payable based related to production and is close to a value of 1.75% of total production value. SRK has estimated the total owner royalties payable at A\$5 million.



Project administration costs of \$2.5/tonne of product were proposed by BCR and SRK has added an additional charge of \$1.00/tonne for project management. In addition, SRK has added a cost for the rehabilitation of the tailings dumps at the end of the life of mine that is based on an average cost of A\$15,000 per hectare for a total tailings dam footprint area of more than 63 hectares. The total admin and project management costs for the life of mine, including the tailings dam rehabilitation costs, are estimated at A\$8.8 million.

The total operating costs is therefore estimated at A\$212.8 million for the life of the mine, yielding a cash operating margin of A\$ 67.5 million.

3.3 Capital Costs

A lump sum of A\$13 million is estimated for the total cost of the processing plant and infrastructure for lump and fines material with a total capacity of 400,000 tpa, in which a cost of A\$3 million is included for the HMS plant. The total lump sum amount for contractor mobilisation of equipment costs, contractor establishment cost for infrastructure and contractor establishment cost for a railhead loading facility are estimated at A\$1.5 million. No costs are included for the erection of a contractor camp as such costs will be included in the final contractor fee. No costs for purchase of rolling stock have been envisaged at this stage since the final details regarding the new Alice Springs to Darwin railway connection are unclear. In SRK's opinion, it is acceptable not to allocate costs for purchase of rolling stock. The exploration tenements are already held by BCR and no additional tenement costs have been included. The costs of a full feasibility study to bring the current pit project area into production is estimated at A\$3 million (Table 3).

	A\$
Infill Drilling Program	\$1,000,000
Metallurgical Testing	\$1,400,000
Other Feasibility Activities	\$340,000
Management Supervision	\$120,000
Project Contingency	\$140,000
Total Bootu Creek Project	\$3,000,000

Table 3. Proposed Budget and Work program for Feasibility Study.

This Feasibility Study cost estimate includes infill drilling of approximately 15,000m at a cost in the order of \$1 million and metallurgical testing at a cost in the order of \$1.4 million to bring the deposit up to Indicated or Measured status. The total Capital Costs for the project is estimated at A\$18.5 million.

3.4 Risk Analysis using a Conceptual Mineable Resource

The project is at an advanced exploration stage, and the drill-tested Inferred Resource will be verified in more detail through additional drilling, metallurgical testing and a Definitive Feasibility Study (DFS). The current average drilling density over the pit resource is on a nominal 50m x 20m grid. Therefore, SRK's approach was to select the range of tonnes and grades that SRK believed would be recoverable after the completion of additional drilling and a definite feasibility study (DFS) and generate a **conceptual mineable resource**.



To take account of the uncertainty and technical risks and establish realistic limits for the financial valuation, SRK has valued the resource using a **probabilistic method** by applying a number of subjective discount factors and value ranges:

- ◆ The average dry bulk density of the ore is fixed at 3.0 g/cm³ for all ore material. This value is realistic for use at this stage, however it could possibly be on the low side and needs to be addressed in sufficient detail in the DFS. The uncertainty in the Inferred Resource, including the uncertainty in average density, is expressed as a range of ROM feed tonnage of plus or minus 5%. The uncertainty in the feed grade is less and accepted at plus or minus 2%.
- ◆ Detailed port charges are difficult to establish at present and although the average cost of A\$6.0/tonne is considered to be realistic, it is possible that this value is at the lower end of the scale. The risk analysis has therefore taken an upward variation of the port charges to \$8.00/tonne into account. Similarly, a cost range for the haulage of the product from plant to the railhead of A\$5.00 to A\$6.00 per tonne of product has been applied.
- ◆ Based on the available beneficiation results and on a quantitative comparison with manganese ores processed elsewhere in Australia and in Brazil, a **large yield range** of 45% to 70% for the metal units recovered in lump and fines has been selected by SRK as realistic for modelling the impact of the product yield on project cash flow. At the sedimentary GEMCO manganese deposits at Groote Eylandt, the beneficiation of the feed grade by a washing process has been carried out successfully for many years. However, the Bootu Creek deposit is a hydrothermal manganese replacement deposit that can be expected to exhibit differences in beneficiation characteristics. Limited metallurgical testing has been carried out on Bootu Creek samples to date, however the calculations on the available 80 washed samples with a feed grade of at least 18% Mn provide an indication that a combined 65% mass factor for lump and fines product is realistic. However, BCR has advised that these samples are not fully representative of the orebody. It is stressed that cognisance is taken of the fact that significant metallurgical testing will still have to be completed to show the viability of beneficiation and that the yield factor is a critical factor.
- ◆ SRK has applied a variation in metal price of plus or minus 20% in the simulation. Manganese is an essential and non-substitutable input in the manufacturing of various steel products and approximately 95% of manganese is used in the production of steel. Strong demand for manganese is therefore forecast as during the next decade the international steel markets are expected to strengthen further with particular strong growth forecast for China and South Korea. Recent purchases by China during the beginning of 2003 support this view. In SRK's opinion, a variation in metal price of plus or minus 20% sufficiently captures the exposure of the project to the metal price for the next seven to ten years.
- ◆ The project administration and management costs are accepted by SRK as realistic and a variation of plus minus 10% of these costs has been selected for the sensitivity runs.
- ◆ SRK has applied a discount factor of 10% for geological risk and 10% for metallurgical risk. These geological and a metallurgical risk factors have been applied to the range of potential NPV's to produce a range for the Expected Value (EV) for the Bootu Creek project. This expresses the probability that the proposed work program and budget will deliver the required potential resource used in the valuation. The principal geological risk relates to the lack



of knowledge regarding the accuracy of the drilling data and the sample locations. As the proposed drilling program is largely infill drilling in the pit area, the geological probability should be high. The principal technical risk relates to the lack of sufficient metallurgical testing on which to base a definite metallurgical recovery and mass factors that control the achievability of saleable lump and fines product. As a result, the NPV value has been multiplied twice with a probability factor of 0.9.

3.5 Expected value of the drilled out area based on the risk analysis

These ranges were entered into an @Risk™ spreadsheet and run **simultaneously** for a number of simulations to account for all uncertainties regarding feed tonnage, feed grade, metallurgical recoveries and lump and fines yield, metal price, port charges, rail costs, royalties, admin and project management costs.

A listing of the input parameters and the ranges with distributions is provided in Table 4. All distributions are kept simple and defined by a minimum value, central value and maximum value. Large ranges have been used for the value and yield parameters to include the uncertainty in foreign exchange forecasting and the paucity of metallurgical testing results.

Input Parameter	Range	Distribution	Remarks
Ore Mined/Milled	plus/minus 5%	Triangular	Uncertainty on dry bulk density included
Average Grade	plus/minus 2%	Triangular	
Metal Units Recovered	average value of 65% with a range from 45% to 70%	Triangular	Large range to include paucity of metallurgical testing
Value of Lump + Fines Production	average value of \$2.88 with a range from \$2.31 to \$3.46	Triangular	Plus or minus 20% range to include uncertainty on foreign exchange
Rail costs	average value of \$13.0/t with a range from \$11.7/t to \$14.3/t	Triangular	Plus or minus 10% range to include uncertainty on bulk rail transport costs
Haulage to railhead costs	average value of \$5.75/t with a range from \$5.0/t to \$6.0/t	Triangular	
Port charges	average value of \$7.0/t with a range from \$6.0/t to \$8.0/t	Triangular	Plus or minus 15% range to include uncertainty on port bulk handling
Admin + Management costs	average value of \$3.5/t with a range from \$3.15/t to \$3.85	Triangular	

Table 4. Listing of DCF input variables and ranges

The stochastic risk analysis is carried out applying distributions to each input variable simultaneously and produced a risk-based total NPV at a discount rate of 8% of A\$13.9 million with a 68% central confidence interval (one standard deviation) of A\$-2.7 million to A\$38.9 million.

After discounting for the geological risk (0.9 probability) and metallurgical risk (0.9 probability), the analysis translates to a risk-based Expected Value of A\$11.2 million with a confidence interval from A\$-2.2 million to A\$24.2 million (Table 5). The probability that the project will return a zero Expected Value is estimated at 20%, i.e. there is an 80% probability that the realised Expected Value of the currently drilled out area will be positive.

Expected Value (A\$ million)			
	Low	Preferred Value	High
EV of drilled resource	-2.2	11.2	24.2

Table 5. Expected value of drilled resource after discounting for geological and metallurgical risks



This risk-based Expected Value of the deposit at A\$11.2 million is estimated for the potentially mineable resource in the drilled portion of the orebody. It is based on a large yield range of 45% to 70% for the metal units recovered in lump and fines product. This yield range is severely negatively skewed around the preferred value of 65% yield until such time that the metallurgical test program has narrowed the product yield range. This also implies that, based on the current beneficiation information, there appears limited upside to the expected value of the project in the drilled portion.

3.6 Along-strike Exploration Potential

The sensitivity tests completed at this stage of the project are limited, but they indicate that the project is sensitive to the price received for the lump and fines product and to the tonnes and grades of the achieved product feed. A price forecast for the manganese product in Australian currency for the life of the mine is difficult to make, especially in the light of the unknown foreign exchange component. It is therefore particularly important to view the project in light of its nearby along-strike exploration potential.

SRK has valued the 'near-resource' exploration potential of along-strike extensions of Bootu Creek, using a probabilistic approach, by examining the increase in the Expected Values that would result from definition of 'near-mine' resources. Investigated was the potential for shallow resources at similar Mn grade occurring on extensions within the Bootu Syncline, at the same horizon within the Bootu Creek Formation, within the BCR tenement, and within trucking distance.

SRK has estimated the probability of occurrence of such a resource by mapping the strike length of the Bootu Creek manganese horizon using TEM data (see Glossary). The strike length of the manganese horizon has been estimated and a confidence factor assigned to each mappable unit based on existing geophysical data. The association between conductivity data and manganese mineralisation was established by drilling. Diamond drill holes targeted on EM (ground electro-magnetic) anomalies both intersected massive manganese at modelled conductor depths, and follow-up DHEM (down-hole electro-magnetic) confirmed the manganese as the source of the conductors. Additionally, magnetite was present in the drill core, explaining the weak magnetic anomaly observed.

Conductivity-depth images (CDI) were used to map the conductive manganese horizon, in conjunction with the GEOTEM (late and early time) profile data (Figure 6). There are three conductive units apparent in the CDI images: a thin laterally extensive surface unit (<50m depth), a gently to steeply dipping thin conductive unit at intermediate depth (50-200m), and a series of strongly conductive, discrete bodies at depth (>300m). The manganese horizon is the source of the intermediate conductive unit. The X-component CDI data was predominantly used to map this conductive horizon, as it is better at resolving adjacent moderate-to-steeply dipping conductors. This unit has been mapped within the survey area, and a confidence factor assigned to each element, based on the strength and geometry of the corresponding CDI feature. Possible repeat units (lower in the stratigraphy) have been mapped and assigned a low confidence value.

Geophysical Confidence Factor	Line km	Weighted Line km	
100%	1.3	1.3	Excluding 5.525 km drilled
90%	2.6	2.3	
70%	4.1	2.9	
50%	3.3	1.7	
30%	12.5	3.8	
Total	23.8	11.9	

Table 6: Strike extension potential.

Geophysically mapped strike lengths and confidence factors are listed in Table 6. Weighted by the confidence, a reasonable probability is estimated that an ongoing drilling program could discover an additional 11.9km equivalent (sum of line kilometres times geophysical confidence factors) of potential 'mineable resource' in the immediate Bootu Creek 'near-resource' area.

At that stage, the mine and plant are already established at a CAPEX of A\$18.5 million. The financial model has been re-run to estimate a value for the drilled area without including the costs for CAPEX, to generate a comparative Expected Value for the 5.525km drilled strike length. The Expected Value of the drilled area without CAPEX (as if the mine and plant were already paid for) is A\$22.2 million and is shown in Table 7. It is the intrinsic value of the drilled strike length on which the value of immediate along-strike extensions can be based.

For each 5.525km additional drilled strike length, a total of A\$2 million is allocated to incremental CAPEX for mining at an increased throughput and treating increased capacity in the plant. An incremental cost of A\$0.11 million is allocated to the construction of additional haulage for each 5km additional strike length. The value of the drilled strike length to be used to determine the value of the along-strike extensions after the mine has been established is therefore estimated at A\$20.1 million (Table 7).

	Low	Preferred Value	High
EV of drilled resource area (A\$ million)	-2.2	11.2	24.2
EV of drilled resource area without CAPEX (A\$ million)	9.9	22.2	34.9
Incremental Plant and Infrastructure lump + fines (A\$ million)		2.0	
Incremental Haul Road Construct 5 kms distance (A\$ million)		0.11	
Incremental CAPEX Plant and Infrastructure (A\$ million)		2.1	
EV of drilled resource area minus incremental costs	7.8	20.1	32.8

Table 7. Expected Value of drilled area with incremental CAPEX only.

The total increase in strike length would therefore add an incremental value to BCR of approximately A\$43.2 million (Table 8). The cost of drilling and developing such a resource to definition stage is estimated at A\$3.2 million.

SRK further estimated two probabilities, a likelihood of 75% that such an occurrence would have similar or better Mn grades. No drilling has been completed to date on the along-strike extensions and a likelihood that such an occurrence would reach the detailed drilling stage is estimated at 20%.

The Expected Value of the along-strike exploration potential based on current information is multiplied by these probabilities (value times 0.75 times 0.2) and the costs of drilling and feasibility is subtracted. This severely discounts the potential value from the along-strike extensions at this stage of the project. The Preferred Expected Value of the exploration potential is thus estimated at A\$3.3 million with a low of A\$-0.7 million and a high to A\$7.4 million.

Expected Value of Along-strike Exploration Potential			
Line km drilled to date for a resource of 7.3Mt at 28% Mn and a potential 'mineable resource' of 5.3Mt at 28% Mn	5.525		
Weighted line km of along-strike extensions	11.9		
Factor	2.15		
Total estimated cost including management, drilling and DFS (A\$ million)	3.0		
Total estimated cost of drilling for Indicated Resource or better (A\$ million)	1.5		
Incremental cost of drilling and feasibility (A\$ million)	3.2		
	Low	Preferred Value	High
	A\$ million	A\$ million	A\$ million
EV of drilled resource area (A\$ million)	7.8	20.1	32.8
Incremental value through increase in tonnage (A\$ million)	16.8	43.2	70.5
= (potential line km / drilled line km) * EV of drilled resource			
Probability of similar or better resource (p1)	75%		
Probability that the occurrence reaches detailed drilling stage (p2)	20%		
	Low	Preferred Value	High
Along-strike Extension EV (= p1 * p2 * value - costs)	-0.7	3.3	7.4

Table 8. Expected Value of the strike extension potential

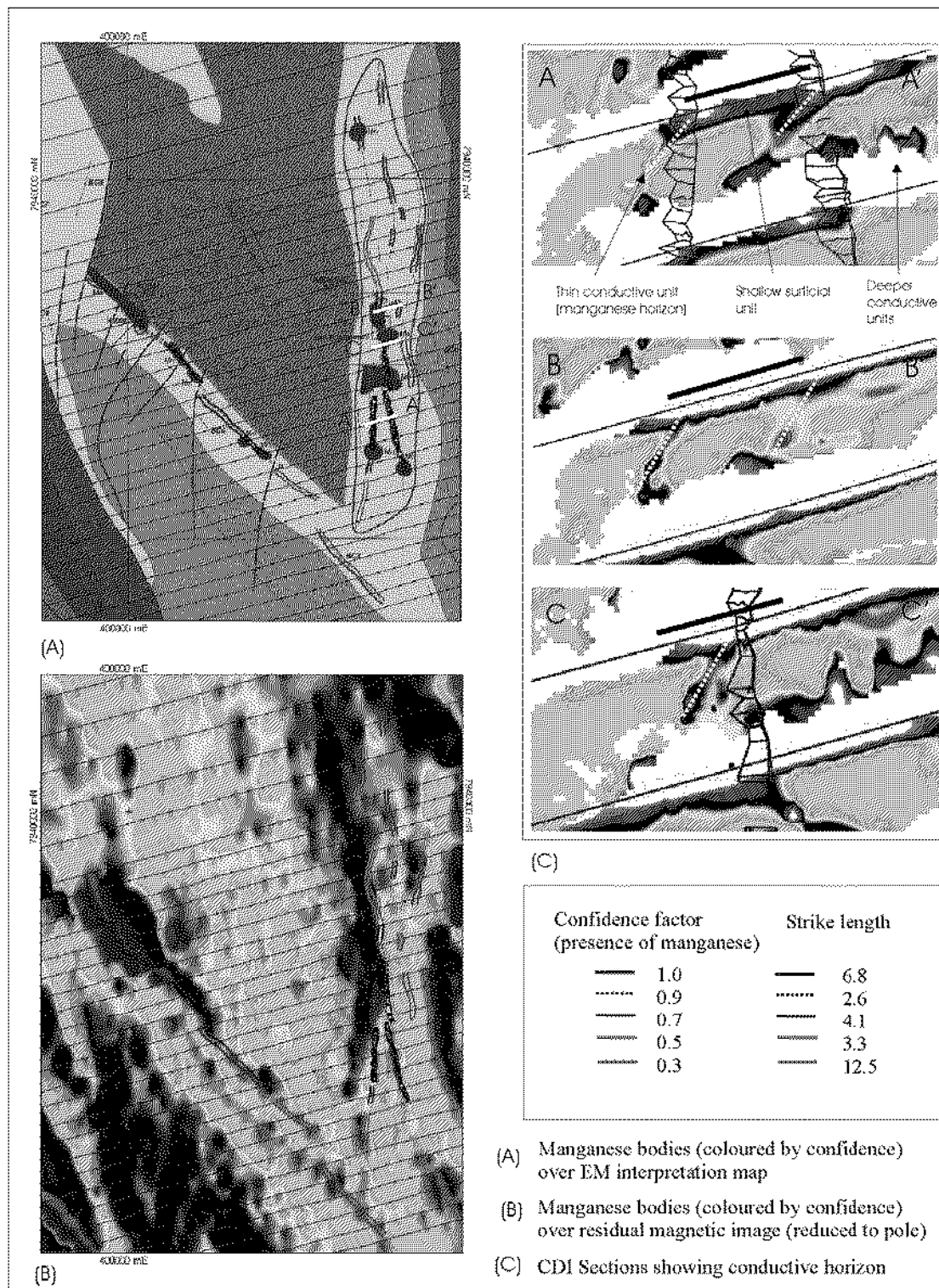


Figure 6: Graphical representation of strike length potential.

3.7 Total Potential

The Preferred Value for the total area including the along-strike extensions, after discounting for geological and metallurgical risk, is estimated at A\$14.5 million with a low of A\$-2.9 million and a high of A\$31.6 million (Table 9).

Total Expected Value (A\$ million)			
	Low	Preferred Value	High
EV of drilled resource	-2.2	11.2	24.2
EV of along-strike extensions	-0.7	3.3	7.4
Total	-2.9	14.5	31.6

Table 9. Total Expected Value of drilled area and along-strike extensions.

3.8 Commitment to expenditure

SRK was given access to the Memorandum of Agreement, dated 19 September 2002, between GEMCO and BCR. The Agreement gives GEMCO the right to earn a 10% interest in the project and the tenements for expenditure of A\$0.7 million and a further 15% at an additional expenditure of A\$2.3 million.

SRK has seen a copy of the letter from GEMCO to BCR, dated 3 April 2003, in which GEMCO notifies BCR that a total amount of A\$0.7 has been spent and that GEMCO commits to spending the additional A\$2.3 million as specified in the Agreement.

Tenement Numbers EL10412 and EL22428	
Statutory Commitment	A\$ 225,000
Previous Expenditure	A\$ 300,000
Proposed Expenditure	A\$ 2,700,000
Commitment to Expenditure over full Feasibility Study Period	A\$ 3,000,000

Table 10. Commitment to expenditure over the Feasibility period.

SRK understands that GEMCO is bound by the terms of the Agreement for the full expenditure of the A\$2.3 million, except by Force Majeure. The total expenditure of A\$3.0 million will thus surpass the Statutory Expenditure commitment (Table 10). This will bring the total amount of expenditure in the project to A\$3 million for a 25% interest, and identify a 'market value' for the project of A\$12 million.

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- Memorandum of Agreement (2002), Groote Eylandt Mining Company Proprietary Limited and Bootu Creek Resources Pty Ltd, 19 September 2002, 18 pages.



Appendix – Samples washed at GEMCO for beneficiation testing

			Raw Sample					Washed Sample										
			Feed					Plus 500 micron fraction (Analysis)					Minus 500 micron fraction (Calculated)					
	Hole	Sample	Mn	Fe	SiO2	Al2O3	P	Mn	Fe	SiO2	Al2O3	P	Yield	Mn	Fe	SiO2	Al2O3	P
1	99	33-34	29.2	2.6	39.7	2.9	0.019	42.0	2.2	18.8	1.6	0.020	48.4	17.1	3.0	59.2	4.2	0.018
2	99	34-35	42.9	5.4	12.7	2.4	0.031	50.6	4.7	2.7	1.2	0.027	50.7	34.9	6.1	23.0	3.5	0.035
3	99	35-36	44.5	4.4	12.7	1.8	0.029	52.3	3.9	1.4	0.9	0.030	48.7	37.1	4.8	23.5	2.8	0.028
4	99	36-37	39.5	14.8	5.1	1.8	0.036	46.6	10.6	1.3	1.0	0.036	49.5	32.6	19.0	8.9	2.6	0.036
5	99	37-38	39.0	15.7	4.5	1.4	0.046	46.6	10.3	1.0	0.7	0.041	40.0	34.0	19.3	6.8	1.8	0.049
6	99	38-39	39.7	12.3	6.6	2.2	0.045	47.7	7.3	2.6	1.2	0.043	42.6	33.7	16.0	9.6	2.9	0.046
7	99	39-40	33.7	9.5	19.8	3.3	0.044	46.2	6.7	5.6	1.4	0.048	40.3	25.2	11.4	29.4	4.5	0.041
8	136	47-48	18.2	2.7	59.8	2.5	0.019	32.9	1.9	36.5	1.6	0.026	41.3	7.8	3.2	76.3	3.0	0.014
9	136	48-49	31.7	2.3	36.5	1.9	0.021	40.1	1.9	22.7	1.5	0.022	64.4	16.5	2.9	61.5	2.7	0.018
10	136	49-50	32.1	2.7	34.2	2.2	0.018	43.8	2.1	15.7	1.7	0.020	58.1	16.0	3.5	59.9	2.9	0.015
11	136	50-51	33.4	4.9	28.3	2.8	0.024	49.6	2.5	7.0	1.4	0.026	45.4	20.0	6.9	46.0	3.9	0.022
12	136	51-52	36.3	9.0	16.1	2.9	0.048	47.5	6.5	3.8	1.6	0.047	57.4	21.2	12.3	32.7	4.7	0.050
13	136	52-53	30.0	6.8	29.0	3.6	0.035	48.9	3.3	6.7	1.7	0.029	38.6	18.1	9.0	42.9	4.9	0.038
14	137	61-63	18.0	3.5	57.2	3.1	0.019	31.8	2.6	35.3	2.2	0.022	38.3	9.5	4.1	70.8	3.7	0.017
15	137	63-64	24.7	3.8	44.9	2.6	0.027	37.0	2.9	25.9	1.8	0.025	48.5	13.2	4.5	62.9	3.3	0.029
16	137	64-65	22.6	3.7	47.3	3.3	0.020	37.5	2.5	24.6	2.3	0.019	38.1	13.5	4.5	61.2	3.9	0.021
17	137	65-66	33.9	4.8	27.0	3.0	0.028	50.8	2.6	4.7	1.3	0.026	44.3	20.3	6.6	44.8	4.3	0.029
18	137	66-67	42.0	4.3	15.8	2.0	0.035	52.3	2.8	2.3	0.9	0.029	57.9	27.9	6.4	34.3	3.4	0.044
19	137	67-68	25.5	8.9	34.9	2.7	0.046	29.4	8.6	31.2	1.4	0.038	57.7	20.3	9.3	39.9	4.4	0.057
20	137	68-69	13.3	2.7	67.6	2.8	0.032	20.2	2.1	58.0	1.9	0.035	47.3	7.2	3.3	76.1	3.5	0.029
21	167	29-30	6.4	1.8	81.9	2.9	0.007	9.8	1.0	77.7	2.2	0.004	43.8	3.8	2.4	85.2	3.3	0.009
22	167	30-31	6.1	1.2	84.2	2.3	0.003	10.6	0.8	78.3	1.6	0.006	36.5	3.5	1.4	87.6	2.7	0.001
23	167	31-32	16.7	1.3	65.0	2.2	0.012	26.6	1.0	49.2	1.3	0.015	45.0	8.6	1.5	77.9	3.0	0.010
24	167	32-33	14.2	3.0	67.1	2.3	0.011	25.4	2.8	48.9	1.2	0.016	40.4	6.5	3.1	79.4	3.0	0.007
25	167	33-34	16.0	4.7	61.5	2.3	0.017	27.6	4.5	42.7	1.5	0.020	44.2	6.7	4.9	76.3	3.0	0.015
26	167	34-35	24.3	4.5	47.2	1.9	0.020	36.2	3.6	29.0	1.1	0.026	46.0	14.1	5.2	62.7	2.6	0.015
27	167	35-36	22.4	4.1	51.4	2.0	0.015	33.0	2.4	36.9	1.2	0.020	50.3	11.7	5.7	66.0	2.7	0.010
28	167	36-37	22.3	4.5	49.8	2.4	0.018	33.7	3.1	33.6	1.6	0.022	42.2	14.0	5.6	61.6	3.0	0.015
29	167	37-38	16.0	3.7	62.1	2.6	0.010	27.7	2.0	45.4	1.5	0.019	30.8	10.9	4.4	69.5	3.1	0.006
30	167	38-39	15.4	4.0	62.4	2.7	0.012	30.2	2.2	40.8	1.4	0.024	23.2	10.9	4.5	68.9	3.1	0.008
31	167	39-40	21.7	5.4	49.6	2.6	0.020	34.5	4.3	30.0	1.6	0.026	36.1	14.4	5.9	60.7	3.1	0.016
32	181	44-45	17.3	3.2	59.3	3.4	0.027	28.4	3.0	41.1	2.6	0.030	48.6	6.9	3.4	76.6	4.3	0.024
33	181	45-46	12.3	4.5	66.7	3.0	0.021	20.2	4.0	54.9	2.0	0.022	32.4	8.5	4.8	72.4	3.5	0.021
34	181	46-47	10.9	5.1	68.1	3.0	0.019	16.8	5.5	57.7	2.1	0.021	39.6	7.0	4.8	74.9	3.6	0.018
35	181	47-48	12.6	4.7	66.4	2.6	0.017	19.1	5.4	54.9	1.8	0.024	29.1	9.9	4.4	71.2	2.9	0.014
36	181	48-49	14.4	3.9	63.2	3.1	0.024	24.0	3.8	47.6	2.2	0.029	39.6	8.1	4.1	73.5	3.8	0.021
37	181	49-50	23.5	2.6	47.0	3.7	0.031	34.3	1.7	29.2	3.1	0.052	26.7	19.5	2.9	53.5	3.9	0.023
38	181	50-51	34.6	1.8	28.8	3.8	0.044	44.6	1.2	12.6	3.0	0.062	36.6	28.8	2.2	38.2	4.3	0.033
39	181	51-52	31.2	1.1	35.8	4.0	0.038	35.6	0.9	28.6	3.5	0.047	24.7	29.8	1.2	38.2	4.1	0.035
40	181	52-53	39.4	1.8	16.7	4.9	0.073	43.4	1.2	11.6	3.7	0.075	56.9	34.1	2.5	23.3	6.5	0.070
41	181	53-54	34.9	3.0	20.5	6.3	0.073	41.9	2.3	11.1	4.3	0.085	45.4	29.1	3.6	26.3	7.9	0.062
42	181	54-55	41.3	2.8	15.7	3.7	0.076	50.8	2.1	3.9	1.8	0.096	44.5	33.8	3.2	25.2	5.2	0.059
43	186	62-63	14.9	2.0	65.1	2.8	0.011	29.6	1.2	40.8	1.5	0.020	36.7	6.3	2.4	79.2	3.6	0.006
44	186	63-64	15.3	3.1	62.9	2.7	0.013	31.4	2.2	37.7	1.3	0.019	34.4	6.9	3.5	76.1	3.4	0.010
45	186	64-65	16.6	3.0	59.0	3.1	0.018	30.5	1.7	36.1	1.9	0.029	37.0	8.5	3.7	72.4	3.8	0.011
46	186	65-66	21.9	3.4	49.4	3.0	0.022	33.9	2.3	31.6	1.8	0.027	42.2	13.1	4.1	62.5	3.8	0.018
47	186	66-67	26.2	3.8	42.7	2.7	0.023	39.5	3.0	22.5	1.7	0.026	46.4	14.7	4.4	60.3	3.6	0.021
48	186	67-68	22.6	1.6	47.5	4.0	0.019	25.7	1.2	43.7	3.7	0.019	48.5	19.6	2.0	51.1	4.2	0.019
49	186	68-69	42.1	1.2	16.9	2.8	0.046	46.2	0.9	11.2	2.5	0.052	47.6	38.4	1.4	22.1	3.2	0.042
50	186	69-70	46.4	1.7	7.9	2.9	0.067	47.1	1.7	5.9	2.6	0.065	59.0	45.3	1.8	10.7	3.2	0.070
51	186	70-71	27.2	6.5	27.5	6.9	0.043	34.6	5.1	21.6	4.4	0.060	35.6	23.1	7.2	30.8	8.2	0.033
52	188	25-26	12.3	2.1	71.9	3.0	0.013	23.3	1.6	53.0	2.1	0.012	16.8	10.1	2.1	75.7	3.2	0.013
53	188	26-27	9.4	1.2	78.6	2.7	0.011	14.6	1.1	69.8	2.1	0.009	26.1	7.6	1.2	82.0	2.9	0.012
54	188	27-28	20.8	2.3	57.7	2.2	0.020	27.1	2.1	47.1	1.7	0.024	31.1	17.9	2.5	62.5	2.4	0.018
55	188	28-29	17.1	2.3	63.5	2.3	0.022	27.5	1.7	46.5	1.6	0.031	39.8	10.1	2.7	74.7	2.8	0.016
56	188	29-30	18.9	3.5	58.6	2.3	0.025	26.8	2.6	46.5	1.6	0.027	38.0	14.1	4.0	66.1	2.8	0.023
57	188	30-31	18.1	1.9	61.4	2.9	0.025	27.7	1.6	45.0	2.1	0.029	41.3	11.3	2.1	72.8	3.5	0.022
58	188	31-32	22.7	5.6	45.3	4.1	0.038	31.6	5.3	30.7	3.0	0.043	36.3	17.7	5.7	53.7	4.8	0.036
59	188	32-33	18.9	9.7	44.3	3.6	0.036	25.1	9.6	35.0	2.9	0.043	36.2	15.4	9.8	49.6	4.0	0.033
60	188	33-34	17.1	4.6	53.8	5.8	0.039	28.4	2.8	39.0	3.8	0.055	31.1	12.1	5.4	60.4	6.7	0.032

			Raw Sample					Washed Sample										
			Feed					Plus 500 micron fraction (Analysis)					Yield	Minus 500 micron fraction (Calculated)				
	Hole	Sample	Mn	Fe	SiO2	Al2O3	P	Mn	Fe	SiO2	Al2O3	P	Yield	Mn	Fe	SiO2	Al2O3	P
61	188	34-35	20.4	5.9	49.3	3.1	0.044	26.9	5.9	37.3	2.7	0.050	55.1	12.3	6.0	64.1	3.6	0.036
62	192	42-43	13.3	2.1	69.7	2.3	0.010	23.2	1.5	54.6	1.6	0.015	42.4	6.0	2.6	80.9	2.7	0.006
63	192	43-44	21.4	2.6	55.8	1.8	0.011	31.8	1.9	40.4	1.1	0.015	53.5	9.3	3.4	73.5	2.6	0.006
64	192	44-45	19.8	2.9	58.5	2.3	0.008	29.9	2.4	41.1	1.6	0.012	45.4	11.4	3.4	69.3	2.9	0.005
65	192	45-46	18.0	2.1	61.0	2.4	0.009	26.6	1.5	48.4	1.8	0.016	42.8	11.6	2.5	70.4	2.9	0.004
66	192	46-47	21.6	2.8	54.5	2.2	0.012	32.5	2.0	38.9	1.3	0.016	45.2	12.7	3.4	67.4	2.9	0.009
67	192	47-48	20.5	2.7	55.5	2.6	0.008	32.7	1.9	36.6	1.7	0.012	44.6	10.6	3.3	70.8	3.2	0.005
68	192	48-49	12.9	2.6	68.0	3.0	0.005	19.8	1.4	59.9	2.1	0.005	32.4	9.5	3.1	71.9	3.4	0.005
69	192	49-50	16.6	3.1	60.8	3.1	0.009	32.8	1.9	37.7	1.9	0.011	25.6	11.1	3.5	68.8	3.5	0.008
70	192	50-51	20.5	3.5	54.0	2.7	0.010	31.2	2.8	38.6	1.9	0.009	44.6	11.9	4.0	66.5	3.4	0.011
71	192	51-52	22.6	7.2	44.4	2.6	0.013	34.7	7.7	24.9	1.7	0.010	44.4	12.9	6.8	60.0	3.3	0.015
72	207	20-21	15.1	2.4	66.2	3.3	0.016	26.1	2.2	49.6	1.9	0.024	31.0	10.1	2.5	73.6	3.9	0.013
73	207	21-22	21.6	7.5	46.4	3.0	0.040	30.3	7.2	33.4	2.0	0.044	45.7	14.3	7.7	57.4	3.8	0.036
74	207	22-23	17.3	3.8	58.8	4.2	0.027	28.2	3.3	42.6	3.0	0.038	40.7	9.7	4.2	69.9	5.1	0.020
75	207	23-24	24.4	4.7	40.4	4.8	0.043	38.9	3.9	21.0	2.7	0.056	48.0	11.0	5.4	58.2	6.8	0.032
76	207	24-25	39.1	6.4	13.5	5.3	0.063	46.9	4.9	6.4	3.2	0.066	61.2	26.7	8.6	24.7	8.8	0.058
77	207	25-26	40.7	5.6	10.8	5.1	0.060	46.9	4.5	5.8	3.4	0.057	64.7	29.5	7.6	20.0	8.4	0.066
78	207	26-27	37.6	10.2	11.9	3.2	0.046	44.8	8.7	4.8	2.3	0.054	58.6	27.5	12.5	21.9	4.5	0.035
79	207	27-28	17.5	4.0	52.8	6.5	0.027	45.2	3.3	15.0	2.4	0.051	27.4	7.0	4.3	67.0	8.1	0.018
80	207	28-29	34.4	4.0	29.4	3.7	0.051	37.4	3.9	24.7	3.2	0.034	40.2	32.5	4.1	32.7	4.1	0.062
81	208	13-14	8.8	0.7	76.5	5.7	0.004	27.7	0.6	47.7	3.2	0.014	23.1	3.1	0.7	85.1	6.5	0.001
82	208	14-15	20.9	0.8	55.0	5.5	0.014	32.9	0.6	38.7	3.2	0.021	32.4	15.2	0.9	62.8	6.7	0.011
83	208	15-16	26.7	1.2	40.9	7.1	0.022	37.4	0.8	27.5	4.2	0.027	41.7	19.0	1.4	50.5	9.1	0.019
84	208	16-17	24.3	2.2	39.4	8.8	0.035	36.8	1.9	21.7	6.4	0.051	47.9	12.7	2.4	55.6	11.1	0.019
85	208	17-18	25.7	10.0	22.7	8.3	0.056	35.0	9.7	11.5	5.7	0.066	52.5	15.5	10.3	35.0	11.2	0.044
86	209	11-12	27.5	3.7	35.3	7.5	0.024	44.4	3.0	16.1	2.9	0.035	46.5	12.8	4.3	51.9	11.4	0.015
87	209	12-13	36.9	4.2	18.6	7.6	0.029	51.3	3.0	4.4	2.6	0.035	54.5	19.7	5.6	35.5	13.6	0.022
88	209	13-14	15.7	13.7	35.2	10.2	0.020	32.0	12.0	18.4	4.9	0.022	35.5	6.8	14.6	44.5	13.1	0.019
89	209	14-15	34.6	8.1	22.1	4.9	0.024	44.7	7.0	10.4	2.6	0.025	34.2	29.4	8.6	28.2	6.1	0.024
90	264	8-9	22.4	1.5	41.8	10.9	0.039	33.2	1.3	27.1	8.2	0.040	43.3	14.2	1.7	52.9	13.0	0.038
91	264	9-10	32.6	1.7	33.7	4.6	0.027	39.4	1.5	24.0	3.3	0.029	49.2	26.0	1.9	43.1	5.8	0.025
92	264	10-11	37.6	3.3	21.2	5.0	0.041	43.1	2.7	14.2	4.1	0.038	49.2	32.3	3.8	27.9	5.7	0.044
93	264	11-12	43.0	3.7	14.3	3.2	0.036	48.9	3.4	6.7	2.1	0.037	52.1	36.6	4.1	22.5	4.4	0.035
94	264	12-13	42.4	4.7	12.9	3.5	0.040	47.2	4.2	7.1	2.5	0.043	55.7	36.2	5.4	20.3	4.8	0.037
95	273	10-11	32.5	1.3	23.2	10.1	0.024	41.2	0.9	12.0	7.4	0.029	53.2	22.7	1.7	35.9	13.1	0.019
96	274	20-21	12.3	1.4	72.5	3.6	0.027	23.2	1.4	55.1	2.3	0.038	28.3	7.9	1.4	79.4	4.0	0.023
97	274	21-22	26.0	2.2	48.7	2.5	0.047	34.6	2.6	34.5	1.6	0.062	44.4	19.1	1.9	60.0	3.2	0.035
98	274	22-23	22.4	1.3	55.5	3.3	0.030	32.7	1.4	39.1	1.7	0.046	37.4	16.2	1.2	65.4	4.3	0.020
99	274	23-24	28.4	1.1	46.3	2.4	0.038	36.6	0.9	33.7	1.4	0.045	45.7	21.5	1.2	56.9	3.2	0.031
100	274	24-25	22.0	1.0	56.8	3.0	0.028	34.9	0.8	36.5	1.5	0.040	38.9	13.7	1.1	69.8	4.0	0.021
101	274	25-26	24.9	1.2	50.1	3.3	0.032	34.9	1.0	35.0	2.2	0.037	53.8	13.2	1.5	67.8	4.6	0.026
102	274	26-27	25.1	1.2	49.2	3.7	0.026	33.3	1.0	36.5	2.5	0.033	54.9	15.0	1.5	64.7	5.2	0.018
103	274	27-28	27.9	1.2	45.5	3.2	0.031	36.1	1.0	33.0	2.3	0.035	59.2	16.0	1.5	63.6	4.5	0.026
104	274	28-29	26.5	1.8	45.7	3.5	0.026	39.1	1.3	27.3	1.9	0.036	51.7	13.0	2.4	65.5	5.2	0.017
105	274	29-30	33.1	2.2	32.3	4.1	0.037	45.5	1.6	15.0	2.1	0.049	51.7	19.8	2.8	50.8	6.2	0.024
106	275	32-33	20.2	1.8	59.7	2.0	0.016	29.0	1.6	45.5	1.5	0.025	55.6	9.2	2.0	77.5	2.5	0.005
107	275	33-34	19.1	2.7	59.5	2.2	0.020	29.0	2.8	42.9	1.8	0.027	49.7	9.3	2.6	75.9	2.7	0.013
108	275	34-35	20.4	2.3	58.8	2.2	0.022	27.7	2.2	45.8	1.7	0.027	59.3	9.7	2.5	77.3	3.0	0.015
109	275	35-36	22.6	2.3	54.6	2.1	0.018	30.4	1.9	42.6	1.5	0.022	59.0	11.3	2.9	71.8	3.0	0.013

Appendix – Glossary of Terms

Accuracy	The degree of perfection in a measurement or estimate, or the degree of conformity with a standard. Accuracy relates to the quality of the measurement or estimate.
Air-borne	While being transported by an aircraft, for example airborne geophysics are geophysical measurements carried out while the instrument is transported by a flying
Alteration	Any change in the mineral composition of a rock due to physical or chemical means, including changes due to exposure to atmospheric conditions
Anomaly	A departure from the expected or normal value.
Anticlinal structure, anticline	A fold, generally convex upward, where the core contains the stratigraphically older rocks.
Arenite	A general name for consolidated sedimentary rocks composed of sand-sized fragments irrespective of composition.
Assay	To analyse the proportions of metals in an ore; to test an ore or mineral for composition, purity, weight, or other properties of commercial interest.
Assaying protocol	A written down schedule defining all steps of the assay procedure, including the order to be followed and the sample weights
Auger drilling	A common drilling technique that is designed for use in clay, soil and other relatively unconsolidated near-surface materials.
Banded Iron Formation	Iron formation that shows marked banding, generally of iron-rich minerals and chert or fine grained quartz.
Barite	A white, yellow or colourless mineral with the chemical composition BaSO ₄ .
Bedding	The arrangements of a sedimentary rock in beds or layers of varying thickness of
Beneficiation	Improvement of the grade of a material, usual ore, by a process like milling, screening, gravity concentration, flotation or other means.
Bias	A systematic deviation, purposeful or accidental, of expected values due to a non-
Blank	Usually used as a term for a sample of material that contains nothing of the component that is measured, or for which that component is below the detection
Blasting	Abrasion or attrition due to the impact of fine particles moved by wind or water; using explosives to break a rock mass.
Bulk density	The weight of a object or material divided by its volume, including the volume of its pore spaces, often the weight of a unit volume of rock mass that has been oven-dried
Bulk sampling	The taking of a larger sample volume and weight to measure the variability of selected components within the larger volume.
Calcareous	Material that contains calcium carbonate, when applied to a rock name, that rock contains more than 50% calcium carbonate material.
Carbonate	A sediment formed by the organic or inorganic precipitation from aqueous solution of carbonates of calcium, magnesium, or iron.
Carbonate rocks	A rock consisting chiefly of carbonate minerals, eg limestone, dolomite or carbonate, often a sedimentary rock consisting of more than 50% by weight of carbonate
Chalcedony	A cryptocrystalline variety of quartz.
Collar location	The location, usually defined in three dimensions by collar co-ordinates, of the start
Collar survey	The process to determine the collar co-ordinates.
Database	A set of data, usually a large set of data stored in a computer file.
Definitive feasibility study	Comprehensive and detailed economic, engineering and environmental study of a mineral deposit to determine the quantity of ore reserve that can be profitably mined
Diamond drilling	A variety of rotary drilling in which diamond bits are used as the rock-cutting tool.
Discounted cash flow analysis	A method of evaluating an investment by estimating future cash flows and discounting them on the basis of the project's cost of capital.
Dolomite	A dolomitic rock consisting predominantly of detrital dolomite particles of silt and/or
Dolomite	A carbonate sedimentary rock of which more than 50% by weight consists of the mineral dolomite; the mineral dolomite is a calcium magnesium carbonate.

Down-hole survey	A survey during which a probe is lowered down a drillhole, taking measurements at regular or irregular intervals of both the direction and the angle of the drillhole.
Drilling	The probing of the rock mass below a surface by means of a drill; the drilled material is usually either recovered in the form of a 'cake' in the case of soils or soft incompetent rock materials, or as drill chips or a continuous solid rock cylinder in the
External check	Usually the process whereby a duplicate sample is sent to a different analytical laboratory for a second analysis.
Fault	Usually a fracture or a zone of fractures along which there has been displacement of the sides relative to one another parallel to the fracture.
Faulted	usually displaced as a result of movement along a fault.
Fe	Chemical symbol for iron
Field duplicate	A second sample taken during the course of the normal or standard sampling procedure at the location where the samples are directly derived from its source
Fines product	Usually the finer product that is left over after a screening or sieving process has separated a coarser portion of the feed material; often refers to material with a grain
Fines yield	The percentage of the component of interest in the fines material after separation of the coarser material.
Fluvial	Usually a word used to describe rocks deposited by rivers.
Fold	A bend in the rock strata or planer surface.
Free digging	Possible to be produced or obtained without having to first use drilling and blasting.
Gangue material or mineral	Any mineral or rock material that is not of direct economic interest.
GEOTEM	A air-borne digital time-domain electro-magnetic system for measuring magnetic and electric fields associated with sub-surface conductors.
GPS	Global Positioning System
Grid spacing	The distance between locations in the two major directions, for example the X and Y directions, in a plane.
Ground TEM	A surface-based electro-magnetic method in which the measurements are made in the off-time between transmitted signal pulses. The method measures the magnetic and electric fields associated with artificially generated sub-surface currents.
Gypsum	A hydrous calcium sulphate mineral with the composition $\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$
Haulage	The transport of material; often the transport of bulk materials over a usually unmetalled and temporary roadway.
Heavy media separation	A process whereby material components are separated by floating upon or sinking through a fluid with a particular specific gravity.
Inferred resource	Part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality
Input parameter	A variable or value of a variable that is used as the input into a specific formula.
Joint venture	Usually an agreement between a number of parties to execute a particular project.
JORC Code	Australasian Code for Reporting of Mineral Resources and Ore Reserves
Lateral displacement	Usually the movement of material or rocks in the horizontal or pseudo-horizontal plane.
Limb	That area of a fold between adjacent fold hinges.
Lithological description	The description of rocks, especially in hand specimen and in the field, on the basis of physical characteristics such as colour, grain size, composition
Lithology	The physical character of a rock.
Lump product	Usually the coarser product that is produced by a screening or sieving process has separates the finer portion of the feed material; often refers to material with a grain

Lutite	A general name for consolidated rocks consisting predominantly of detrital particles of silt and/or clay size.
Magnetite	A black, isometric, strongly magnetic, opaque mineral of the spinel group that is a common and widely distributed accessory mineral in rocks of all kinds.
Marine	Usually a word used to describe rocks deposited by seawater.
Mass pull	Usually, the proportion of the tonnage that is diverted to a particular end-product of a separation process.
Metallurgical recovery	Percentage of metal recovered through the process of extracting the metal from the metallic ore.
Metallurgy	The science and art of separating metals and metallic minerals from their ores by mechanical and chemical processes.
Mineable	Usually, the material that can be excavated out of the ground through a particular underground or open-pit mining process.
Mineralisation	The process or processes by which a mineral or minerals are introduced into a rock, resulting in a valuable or potentially valuable deposit.
Mining costs	Costs involved in extracting the ore and waste rock from an open pit or underground
Mn	Chemical symbol for manganese
Nominal	Usually, pertaining to an average or approximately average measurement or
Open pit mining	Surficial mining in which the valuable rock is exposed by removal of overburden.
Percussion drilling	Open hole drilling using a method whereby the rock is broken by applying a sharp blow to the drill surface.
Precision	The degree of agreement or uniformity of a number of repeated measurements or estimates, or the deviation of the measurements/estimates from their mean. Precision relates to the quality of the method used to measure or estimate with.
Processing cost	Costs involved in removing waste rock, processing ore and producing a mineral
Proterozoic	An era of geological time covering the time span 2,500 to 545 million years ago.
Psilomelane	A general field term for mixtures of manganese minerals, or for a botryoidal colloform manganese oxide whose mineral composition is not specifically
Pulp sample	A sample taken from the pulp of the very finely milled sample material.
Pyrolusite	A soft iron-black or steel-grey, usually massive or reniform, mineral with the
QA/QC data	A set of quality assessment and quality control measurement results, carried out and recorded with the explicit purpose to measure accuracy and precision of a procedure.
Quartz	
Quartzite	A granoblastic metamorphic rock consisting mainly of quartz and formed by recrystallisation of sandstone or chert by either contact or regional metamorphism.
Rab drilling	Rotary Air Blast drilling, open hole using compressed air.
RC Drilling	Reverse circulation drilling method, using compressed air.
Reniform	Kidney-shaped.
Reserve, ore reserve	The economically mineable part of a Measured or Indicated mineral resource, including diluting materials and allowances for losses which may occur when the
Resource, mineral resource	Concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction.. Resources are subdivided in order of increasing
Rock chip sampling	Usually a process whereby a rock face is chipped with a hammer and all or a representative portion of the rock chip samples are collected and analysed.
Rotary air blast drilling	Open hole drilling method using compressed air.
Sampling	The gathering of specimens of ore or wall rock for appraisal of the ore body.

Sandstone	A medium graind clastic sdimentary rock composed of abundant rounded or angular fragments of sand size set in a fine-grained matrix of silt or clay and more or less
Scoop	Usually the taking of a sample from a pulp or fine-grained material.
Screening	Usually the sieving of a material.
Sedimentary	Pertaining to, or containing, sediment.
Shale	A rock consisting of cemented grains of rock or mineral that are less than 0.05 mm in
Siltstone	An indurated silt with the texture and composition of a shale but lacking its fine
SiO₂	Chemical symbol for silica (silicium oxide)
Slot mining	A form of continuous open pit mining whereby all material is removed to a maximum depth and the overburden put back in the excavation shortly thereafter, before mining
Standard	Usually a sample with a known or frequently analysed and accepted composition.
Strike	The direction or trend taken by a structural surface.
Strike length	The total horizontal extent along the direction or trend of a structural surface.
Stromatolite	An organo-sedimentary structure produced by sediment trapping and binding as a result of the growth and metabolitic activity of a micro-organism, usually a blue-
Structure	The general disposition, attitude, arrangement, or relative positions of the rock masses of a region or area.
Synclinal structure, syncline	A fold, generally convex downward, where the core contains the stratigraphically younger rocks.
Tenements	Resource industry term for an identified piece of land temporarily possessed by an owner, who gains rights to explore for potential valuable minerals and/or to carry out
Tonnage	The total weight of ore in a deposit.
VALMIN Code	Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports
Volcanic rocks	A generally finely crystalline or glassy igneous rock resulting from volcanic action at or near the surface of the earth, either ejected explosively or extruded as lava, or
Waste rock	Valueless rock that must be broken and disposed of in order to gain access to and
Weathered	Produced by the destructive actions of processes related to exposure to atmospheric
XRF fusion method	An analytical technique for determining rock compositions using Rontgen radiation on a sample that is first completely fused at very high temperatures.