OM HOLDINGS LIMITED

(ARBN 081 028 337)

No. of Pages Lodged: 9 Covering Letter
18 ASX Appendix 4D – Half Yearly Report

31 July 2012

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

Dear Sir/Madam

H1 2012 OPERATING FINANCIAL RESULT OF EBITDA A$9.6 MILLION, EBIT A$4.0 MILLION AND CONSOLIDATED NET PROFIT OF A$2.7 MILLION (PRIOR TO ADJUSTMENT FOR NON-CASH IMPAIRMENT CHARGE)

NON-CASH IMPAIRMENT CHARGE OF A$32.1 MILLION ASSOCIATED WITH THE VALUATION OF THE COMPANY'S INVESTMENTS IN NFE AND SRR, RESULTING IN POST IMPAIRMENT H1 2012 CONSOLIDATED NET LOSS OF A$29.4 MILLION

The Board of OM Holdings Limited ("OMH" or "the Company") advises the Company's consolidated attributable net result including a non-cash impairment charge of A$32.1 million (related to the Company's investments in Northern Iron Limited (ASX Code: NFE) and Shaw River Manganese Limited (ASX Code: SRR), was a loss of A$29.4 million for the half year ended 30 June 2012.

Excluding the non-cash impairment charge of A$32.1 million, the operations of the Group achieved an EBITDA of A$9.6 million, EBIT of A$4.0 million and consolidated attributable net profit of A$2.7 million.

The strong operating result was achieved in a challenging market environment characterised by the Eurozone debt crisis, a slowing Chinese economy, a strong Australian dollar, weaker manganese ore spot prices as well as rain events impacting operations including rail service disruptions at the Company's Bootu Creek Manganese Mine.

In accordance with relevant accounting standards, the Company was obliged to record a non-cash impairment charge based on the ASX closing prices of NFE and SRR at balance date. However, the Company notes the recently announced conditional non-binding indicative cash offers made to NFE of A$1.40 per share from the Aditya Birla Group and A$1.42 per share from Prominvest AG for all the NFE shares on issue. This compares to the NFE share price of A$0.93 per share as at 30 June 2012 upon which the impairment was calculated and required to be recorded.

HIGHLIGHTS

- **28% increase in turnover, from A$161.7 million in H1 2011 to A$206.5 million in H1 2012**
- **Record H1 2012 production of 38,808 tonnes and record sales of 38,091 tonnes of High Carbon Ferro Manganese ("HC FeMn")**
- **A total of 772,277 tonnes of ores and 65,699 tonnes of alloys were transacted during H1 2012, representing an increase of 25% and 140% respectively over volumes achieved in H1 2011**
- **First half 2012 ore production of 413,240 tonnes (36.7% Mn) at a C1 unit cash cost of A$3.39/dmtu, in line with the implementation of a low cost low strip ratio mining strategy**
- **Cash flows generated from the OMH Group's operations before tax were A$21.9 million for H1 2012 (compared to a corresponding operating cash flow deficit of A$2.2 million for H1 2011)**

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- **Gross profit margin maintained at 12%, an improvement of 1% from the immediate half year period ended 31 December 2011, despite an 8% decline in the manganese benchmark price during the corresponding period**

- **Group operations, prior to the non-cash impairment adjustment, generated an attributable net profit of A$2.7 million despite lower spot prices across all of the Company's product groups together with the sustained strength of the AUD. The consolidated attributable net loss of A$29.4 million was the result of a non-cash impairment charge on the Company's investments in NFE and SRR based on the respective share prices at balance date**

- **The average Manganese ore benchmark price for the half year ended 30 June 2012 was US$4.86/dmtu CIF China compared to US$5.93/dmtu CIF China in the corresponding half year period ended 30 June 2011, representing an 18% decline**

- **The Australian dollar sustained its strength vis-à-vis the US dollar and the Chinese Renminbi**

- **Inventories of A$144.6 million captured lower cash costs from OMM ore products (H1 2012 C1 unit cash costs of A$3.39/dmtu), positioning the Group to capitalise on higher benchmark sales prices (US$5.35/dmtu CIF China) for July, August and September 2012 shipments**

- **Total consolidated net assets were A$314.9 million and included share placements of A$34.7 million (net of issue costs) completed during the six-month period ended 30 June 2012, and after adjusting for the effect of the impairment charge on the Company's investments in NFE and SRR**

- **The development capital expenditure incurred to-date on the Company's 80% interest in the early-stage project development at the Sarawak Project amounted to A$30.6 million**

- **Strategic investments totalled A$49.8 million as at 30 June 2012, comprising interests held in NFE and SRR which were valued based upon the marked to market at the ASX closing share prices at balance date, and accordingly a non-cash impairment loss of A$32.1 million has been recorded in the result for the current period**

- **Investment costs for the Company's 13% effective interest in the Tshipi Borwa Project increased to A$83 million, which included the Group's original investment and continued cash contributions towards mine development**

- **Consolidated cash position of $67.7 million as at 30 June 2012**

- **SCB debt repayments of US$20 million were made in June 2012, with a loan balance outstanding to SCB of US$70.5 million as at 30 June 2012. Further repayments of US$11 million were made in July 2012 with a loan balance of US$59.5 million outstanding as at 31 July 2012**

OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

A$ million	Period Ended 30 June 2012	Period Ended 30 June 2011	Period Ended 31 December 2011 *
OPERATING RESULTS (PRIOR TO NON-CASH IMPAIRMENT CHARGE)			
EBITDA	**9.6**	17.0	(6.4)
EBIT	**4.0**	11.5	(12.5)
PAT	**2.7**	12.9	(5.7)
NON-CASH INVESTMENT IMPAIRMENT	**(32.1)**	-	-
DEFERRED PRE-STRIP MINING COSTS	**-**	-	(12.8)
SHARE BASED OPTION TRANSACTIONS	**-**	(2.8)	(3.3)

KEY DRIVERS	Period Ended 30 June 2012	Period Ended 30 June 2011	Variance %	Period Ended 31 December 2011 *
Sales volumes of Ores (Manganese, Chrome and Iron Ore) (Tonnes)	**772,277**	617,134	25	957,178
Sales volumes of Alloys (Tonnes)	**65,699**	27,431	140	46,449
Average Manganese ore benchmark price (US$/dmtu CIF China)	**4.86**	5.93	(18)	5.30
Average USD:AUD exchange rate	**0.97**	0.97		0.99

SALES AND MARGINS				
Total sales	**206.5**	161.7	28	228.0
Gross profit	**24.8**	33.4	(26)	26.2
Gross profit margin (%)	**12%**	21%		11%
Other income	**1.3**	2.8	(54)	(2.1)
Distribution costs	**(10.5)**	(17.4)	(40)	(27.5)
Administration & other operating costs	**(7.2)**	(10.5)	(31)	(18.0)
Impairment charge	**(32.1)**	-	NM	-
Exploration expenditure	**(0.7)**	(2.1)	(67)	(1.0)
Northern Territory Government royalty credit	**3.1**	3.8	(18)	1.8
Exchange (losses) / gains	**(1.2)**	4.2	NM	(1.9)
EBITDA	**(22.5)**	14.2	NM	(22.5)
Depreciation/amortisation	**(5.6)**	(5.5)	2	(6.1)
EBIT	**(28.1)**	8.7	NM	(28.6)
Finance costs	**(3.3)**	(2.1)	57	(2.8)
Income tax credit	**2.0**	3.5	(43)	9.6
Net (Loss)/Profit after tax	**(29.4)**	10.1	NM	(21.8)
Minority interests	**-**	0.3	NM	
Net (Loss)/Profit after tax attributable to owners of the Company	**(29.4)**	10.4	NM	

** select information for the six-month period ended 31 December 2011 has been shown for information purposes only*

FINANCIAL ANALYSIS

H1 2012 revenue amounted to A$206.5 million as compared to A$161.7 million in the previous corresponding period in 2011, representing a 28% increase. The higher H1 2012 revenue was attributed to an increase in tonnages sold for all product groups except for manganese ores, but was offset by lower realised prices across all products. Manganese ore sales were negatively impacted by the rail service disruptions experienced by the Bootu Creek Manganese Mine during the March 2012 quarter.

The average manganese ore benchmark price for H1 2012 was US$4.86/dmtu CIF China, a decrease of 18% compared to the average price for H1 2011 of US$5.93/dmtu CIF China. The Australian dollar sustained its strength against the US dollar ("USD") with an average exchange rate in H1 2012 of USD1:AUD0.97.

Manganese ore published benchmark prices (BHP 46% Mn grade CIF China) for the six-month period demonstrated consistent strengthening from US$4.75/dmtu (Jan 2012 to April 2012 shipments) to US$5.00/dmtu (May 2012 shipments) to US$5.15/dmtu (June 2012 shipments). Strong demand for seaborne high grade ores resulted in a further increase of the benchmark price in July 2012 to US$5.35/dmtu, which has been rolled over for August and September 2012 shipments.

Other income in 2012 included a A$0.5 million gain from the disposal of the Company's investment in Scandinavian Resources Ltd ("SCR"). This compared to a A$1.8 million marked to market gain on SCR listed and unlisted options in 2011.

Distribution costs decreased by A$6.9 million to A$10.5 million for 2012. This was due mainly to lower shipments from the Bootu Creek Manganese Mine as a result of the rail service disruptions during the March 2012 quarter.

Administrative and other operating costs decreased from A$10.5 million in 2011 to A$7.2 million in 2012. Included in the H1 2011 administrative expenses was A$1.8 million associated with professional fees incurred as part of the Company's proposed dual listing on the HKSE, as well as A$2.8 million of share based option expenses. The reduction was offset by A$1.4 million of charges associated with the de-mobilisation of certain equipment from the mining fleet operated by the external contractor at the Bootu Creek Manganese Mine, as part of the implementation of a transition strategy towards an owner operator structure during H2 2012.

In accordance with relevant accounting standards, the Company was obliged to record a non-cash impairment charge of A$32.1 million related to the Company's investments in SRR and NFE, which have been marked-to-market at the ASX closing share prices as at 30 June 2012.

A credit adjustment for Northern Territory Government royalties of A$3.1 million was recorded in 2012 (2011: A$3.8 million). This credit arose as a result of OM (Manganese) Ltd ("OMM") recognising the benefit of carried forward losses from the gross realisation calculation under the royalty program which are available for offsetting against future royalty obligations. The Group incurred a foreign exchange loss of A$1.2 million as opposed to an exchange gain of A$4.2 million in H1 2011. All other significant expenses, i.e. depreciation and amortisation charges remained consistent during H1 2012 compared to H1 2011.

The Group's finance costs increased from A$2.1 million in 2011 to A$3.3 million in H1 2012. The increase arose due to (i) increased working capital borrowings (through pledging of bank drafts for short-term loans), and (ii) other short-term stock financing.

The Group recorded a tax credit of A$2.0 million in 2012 against a tax credit of A$3.5 million in 2011. The tax credit arose from the recognition of a deferred tax asset on tax losses carried forward.

Basic loss per share (inclusive of the non-cash impairment charge of A$32.1 million) for H1 2012 was A$0.058 (2011: EPS of A$0.0021). The net tangible asset backing per share was A$0.52 at 30 June 2012 as compared to A$0.66 at 30 June 2011.

Results Contributions

The contributions from the various business segments were as follows:

A$ million	Six months ended 30 June 2012		Six months ended 30 June 2011	
	Revenue*	**Contribution**	**Revenue***	**Contribution**
Mining and ore processing	**41.3**	**(14.5)**	67.3	(2.6)
Ferroalloy manufacturing	**61.5**	**3.6**	44.2	2.2
Marketing, logistics and trading	**233.3**	**14.2**	191.1	13.2
Other (including impairment charge)	**0.9**	**(31.9)**	1.1	(4.5)
Net (Loss) / Profit before finance costs		**(28.6)**		8.3
Finance costs (net)		**(2.8)**		(1.7)
Income tax credit		**2.0**		3.5
Net (Loss)/Profit after tax		**(29.4)**		10.1
Minority interests		**-**		0.3
Net (Loss)/ Profit attributable to owners of the Company		**(29.4)**		10.4

** revenue contribution from segments was subsequently adjusted for intercompany sales on consolidation*

Mining and ore processing

This segment included the contribution from the Bootu Creek Manganese Mine.

The Bootu Creek Manganese Mine (100% owned and operated by OMM) produced 413,240 tonnes grading 36.7% Mn in the six months ended 30 June 2012 as compared to 447,405 tonnes grading 36.8% Mn for the same corresponding period in 2011. OMM shipped 238,342 dry tonnes of ore during H1 2012 compared to 471,135 dry tonnes of ore during H1 2011. Shipments in 2012 were impacted by the rail service disruptions as a result of a Genesee & Wyoming Australia Pty Ltd freight train derailment in late December 2011.

OMM adopted a low cost, low strip ratio mining strategy in 2012. The H1 2012 C1 unit cash operating cost of A$3.39/dmtu compared favourably against the C1 unit cash operating cost of A$4.31/dmtu achieved during the same period in 2011.

Revenue from the mining operations amounted to A$41.3 million for H1 2012 as compared to A$67.3 million for H1 2011, impacted by lower realised selling prices, as well as decreased tonnages as a result of the rail service disruptions in Q1 2012. Concurrently, the Australian dollar sustained its strength against the US dollar which impacted on margins.

Manganese ore published benchmark prices (BHPB 46% Mn grade CIF China) ranged from US$4.75/dmtu to US$5.15/dmtu during H1 2012 (average benchmark price in H1 2012 was US$4.86/dmtu), compared to a range of US$5.30/dmtu to US$6.50/dmtu during H1 2011 (the average benchmark price in H1 2011 was US$5.93/dmtu).

OMM sold 100% of its production to OM Materials (S) Pte Ltd ("OMS"). The price paid by OMS to OMM was calculated on the basis of the prevailing US$/dmtu CIF China benchmark price less adjustments for freight, Mn quality and a marketing fee.

Ferro alloy manufacturing

This segment included the operations of the Qinzhou manganese sinter plant and alloy smelter operations located at OM Materials (Qinzhou) Co Ltd ("OMQ") and Guizhou Jaihe Weiye Smelter Co. Ltd. Amongst other raw materials the smelter purchases manganese ores at market prices from OMS, converts some of the ore into sinter for its own internal consumption, and sells sinter and alloy products to external third party domestic Chinese end users.

Revenue from the ferro alloy manufacturing operations increased by 39% from A$44.2 million in H1 2011 to A$61.5 million in H1 2012. The increase in revenue was primarily attributable to (i) higher volumes of 38,091 tonnes of manganese ferro alloy sales transacted in H1 2012 compared to 22,757 tonnes in 2011 and (ii) the contribution from 72,765 tonnes of external manganese sinter ore sales in H1 2012 against 51,968 tonnes in H1 2011.

Despite the increase in tonnages sold for both manganese ferro alloys and manganese sinter ores, revenue was impacted by lower spot prices achieved for both products.

Marketing, logistics and trading

This segment included all of the marketing, trading and logistics activities of OMH Group, including:

- equity and third party trading activities of OMS – covering marketing and trading of OMM and third party manganese, chrome and iron ore products to end users as well as to OM Materials Trading (Qinzhou) Co., Ltd ("OMQT") and OM Hujin Science and Trade (Shanghai) Co., Ltd ("OMA");
- ore trading activities of OMQT – as part of the Group's Southern China stockpile distribution strategy; and
- ore trading activities of OMA – as part of the Group's Northern China stockpile distribution strategy.

In H1 2012, revenue from the Group's marketing, logistics and trading operations was A$233.3 million as compared to A$191.1 million during H1 2011, representing an increase of 22%. The volume of ores and alloys transacted in H1 2012 totalled 698,010 tonnes, an increase of 30% over the 536,673 tonnes in H1 2011. The lower revenue was the direct result of weaker spot manganese ore and alloy prices in H1 2012.

China's crude steel production for the six month period ended 30 June 2012 was 357 million tonnes as compared to 353 million tonnes in 2011, representing a 1% increase year-on-year.

With the roll-over of the benchmark spot ore price for 46% Mn BHPB product of US$5.35/dmtu CIF China to July, August and September 2012, the port stockpile destocking process is expected to continue as producers continue to shift from Chinese domestic low grade ores to seaborne high grade ores.

Other

This segment included the corporate activities of OMH as well as the engineering, design and technical marketing services of OMA.

The revenue recognised in H1 2012 for this segment related to the engineering and design fees earned by OMA from predominantly external customers.

The loss in this segment was mainly the result of a non-cash impairment charge of A$32.1 million on the Company's investments in NFE and SRR based upon the share price of each entity at balance date.

FINANCIAL POSITION

The Group's consolidated cash position was $67.7 million (including cash collateral of A$24.3 million) as at 30 June 2012 as compared to A$31.9 million (including cash collateral of A$14.3 million) as at 31 December 2011. During the six-month period ended 30 June 2012, the Company raised approximately A$54.6 million (net proceeds) from share placements and the issuance of convertible notes for the purpose of financing development activities at the OM Sarawak ferroalloy project in Malaysia. Cash reserves from the capital raisings and from those generated through operations during the period were predominantly applied towards the OM Sarawak's Project construction activities, cash contributions towards the Tshipi Borwa's mine development and the repayment of bank loans. During H1 2012 the OMH Group generated operating cash flows from its activities before tax of A$21.9 million (compared to a corresponding operating cash flow deficit of A$2.2 million for H1 2011).

Receivables (including trade and other receivables and prepayments) decreased to A$75.4 million as at 30 June 2012 from A$89.2 million as at 31 December 2011. During H1 2012, the Chinese Government loosened its monetary policies reducing banks' reserve requirement ratios as well as central bank interest rates. The effect of these measures was an enhancement of liquidity in the market, as a result of which customers were able to make full cash settlements instead of using bank drafts with maturity of up to 6 months.

Inventories decreased 8.5% from A$158.1 million as at 31 December 2011 to A$144.6 million as at 30 June 2012. The 31 December 2011 inventory balance included goods-in-transit of A$25.3 million. Excluding the goods-in-transit as at 31 December 2011, the increase in stock balances of $11.8 million was predominantly due to the rail service disruption which impacted shipping activities from the Bootu Creek Manganese Mine in the March 2012 quarter.

Available for sale financial assets as at 30 June 2012 totalled A$49.8 million (31 Dec 2011: A$38.6 million) and comprised the following holdings:

- 14% in NFE, an ASX listed mining company, which owns and operates the Sydvaranger iron ore mine in northern Norway. This investment holding was valued at A$48.8 million based upon a market price of A$0.93 per share as at 30 June 2012.

- 8% in SRR, an ASX listed manganese explorer in Western Australia, Namibia and Ghana. This investment holding was valued at A$1.0 million based upon a market price of A$0.026 per share as at 30 June 2012.

In 2010, the Group secured term loans amounting to US$90 million from Standard Chartered Bank ("SCB") to fund the Company's investment in the South African Tshipi Borwa mine. This investment is held by the Company through its 26% investment in an associated company, Main Street 774 (Proprietary) Limited, which in turn holds the 50.1% interest in the Tshipi Borwa mine. The cost of this investment has increased from A$79.7 million as at 31 December 2011 to A$83.0 million as of 30 June 2012 with the Company making additional cash contributions towards the development of the mine due to come into production in Q4 2012.

Trade and other payables decreased by 33% from approximately A$120.3 million as at 31 December 2011 to A$80.6 million as at 30 June 2012, predominantly due to the goods-in-transit as at 31 December 2011, the payment of which was settled in 2012.

The composition of the Company's total borrowings included 'longer term structural components' including (i) US$70.5 million (A$69.4 million equivalent) term loans due to SCB, (ii) A$15.3 million of borrowings used for the purchase of the Johor land in Malaysia, and (iii) A$11.0 million sourced over OMQ's land. The 'short-term operational/working capital components' included short-term loans whereby an equivalent amount of Chinese bank drafts were pledged, stock financings and trust receipts. Included within borrowings are convertible notes issued to Hanwa Co., Ltd of A$17.8 million classified as non-current with maturity due on 6 March 2016.

The Company made further repayments of US$11 million in July 2012 to SCB comprised of a bullet repayment of US$10 million and a monthly repayment of US$1 million, reducing the total balance outstanding to SCB of US$59.5 million as at 31 July 2012.

Other

As mentioned previously, the Supreme Court of Western Australia ruled in favour of OMM in its action against the process plant design engineers (Londsdale Investments Pty Ltd and Promet Engineers Pty Ltd) for the Bootu Creek Manganese Mine, and that OMM was entitled to damages of A$5.7 million. At a further hearing held on 25 July 2012, total damages and pre judgement interest awarded to OMM was revised to A$7.2 million. A hearing to determine legal costs in respect of the action will be held in mid-August 2012.

The parties have a period of time to review the judgement to determine whether there are any findings that they wish to appeal to the Court of Appeal of the Supreme Court. Due to uncertainties of whether such as appeal is likely or the prospects of success of any such appeal, OMM (and OMH) has not recorded these contingent assets into the financial statements as at 30 June 2012.

Capital Structure & Dividend

As at 30 June 2012, the Company had 604,105,150 ordinary shares, 25,000,000 convertible notes and 19,000,000 unlisted options on issue. A total of 2,000,000 unlisted options were voluntarily forfeited by an employee during H1 2012.

No interim dividend has been declared.

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary

BACKGROUND PROFILE OF OM HOLDINGS LIMITED

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

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

Bootu Creek has the capacity to produce 1,000,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 2,400km^2*.*

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

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

OMH is a constituent of the S&P/ASX 300 a leading securities index.

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

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

- *14% shareholding in **Northern Iron Limited** (ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway; and*

- *8% shareholding in **Shaw River Manganese Limited** (ASX Code: SRR), a company presently exploring for manganese in Namibia, Western Australia and Ghana.*

Appendix 4D

Half yearly report

Name of entity

OM HOLDINGS LIMITED

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Half year ended ('current period')
ARBN 081 028 337	✓		**30 June 2012**

Results for announcement to the market

Extracts from this report for announcement to the market. **$A'000**

Revenues from ordinary activities *(item 1.1)*	Up	28%	to	**206,536**
Loss from ordinary activities after tax (*item 1.8*)	Down	389%	to	**(29,385)**
Profit (loss) from extraordinary items after tax attributable to members (*item 2.5)*	Nil	Nil		
Net loss for the period attributable to members *(item 1.12)*	Down	383%	to	**(29,423)**

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(Preliminary final report only - item 16.4)*	**N/A**	N/A
Interim dividend *(Half yearly report only - item 16.6)*	**N/A**	N/A
Previous corresponding period		
Final dividend *(Preliminary final report - item 16.5)*	**N/A**	N/A
Interim dividend (*Half yearly report - item 16.7)*	**N/A**	N/A

Record date for determining entitlements to the dividend, (in the case of a trust, distribution) *(see item 16.2)*	N/A

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

The consolidated financial statements of OM Holdings Limited are stated in Australian Dollars.

This half yearly report is to be read in conjunction with the most recent annual financial report.

Condensed consolidated statement of financial performance

		Current period - $A'000	Previous corresponding period - $A'000
1.1	Revenues from ordinary activities *(see items 1.24 -1.25)*	**206,536**	161,737
1.2	Expenses from ordinary activities	**(202,448)**	(152,991)
1.3	Impairment loss on financial assets at fair value through profit or loss	**(32,148)**	-
1.4	Borrowing costs	**(3,338)**	(2,077)
1.5	Share of net profits (losses) of associates and joint venture entities (*see item 18.1*)	**(2)**	(28)
1.6	**(Loss)/profit from ordinary activities before tax**	**(31,400)**	6,641
1.7	Income tax on ordinary activities	**2,015**	3,516
1.8	**(Loss)/profit from ordinary activities after tax**	**(29,385)**	10,157
1.9	Profit (loss) from extraordinary items after tax (*see item 2.5*)	**-**	-
1.10	**Net (loss)/profit**	**(29,385)**	10,157
1.11	Net (loss)/profit attributable to outside equity interests	**(38)**	254
1.12	**Net (loss)/profit for the period attributable to members**	**(29,423)**	10,411
Non-owner transaction changes in equity			
1.13	Increase (decrease) in revaluation reserves	**45,407**	6,023
1.14	Net exchange differences recognised in equity	**521**	(2,666)
1.15	Other revenue, expense and initial adjustments recognised directly in equity (attach details)	**-**	-
1.16	Initial adjustments from UIG transitional provisions	**-**	-
1.17	Total transactions and adjustments recognised directly in equity (items 1.13 to 1.16)	**45,928**	3,357
1.18	**Total changes in equity not resulting from transactions with owners as owners**	**16,505**	13,768

(Loss)/earnings per security		Current period	Previous corresponding Period
1.19	Basic (loss)/earnings per security	**(5.78¢)**	2.07¢
1.20	Diluted (loss)/earnings per security	**(5.78¢)**	1.99¢

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

		Current period - $A'000	Previous corresponding period - $A'000
1.21	(Loss)/profit from ordinary activities after tax (*item 1.18*)	**(29,385)**	10,157
1.22	Less (plus) outside equity interests *(item 1.11)*	**(38)**	254
1.23	**(Loss)/profit from ordinary activities after tax, attributable to members**	**(29,423)**	10,411

Revenue and expenses from ordinary activities

		Current period - $A'000	Previous corresponding period - $A'000
1.24	Revenue from sales or services	**206,536**	161,737
1.25	Interest revenue	**-**	-
1.26	Other relevant revenue	**-**	-
1.27	Details of relevant expenses	**-**	-
1.28	Depreciation and amortisation excluding amortisation of intangibles *(see item 2.3)*	**(6,174)**	(5,826)
Capitalised outlays			
1.29	Interest costs capitalised in asset values	**760**	-
1.30	Outlays capitalised in intangibles (unless arising from an acquisition of a business)	**-**	-

Consolidated retained profits

		Current period - $A'000	Previous corresponding period - $A'000
1.31	~~(Accumulated losses)~~/retained profits at the beginning of the financial period	**153,133**	168,213
1.32	Net (loss)/profit attributable to members (*item 1.12*)	**(29,423)**	10,411
1.33	Net transfers from (to) reserves - non-distributable reserves - share option reserve	 **(13)** **4,778**	 (226) 1,851
1.34	Net effect of changes in accounting policies	**-**	**-**
1.35	Dividends and other equity distributions paid or payable	**-**	(10,043)
1.36	**Retained profits ~~(accumulated losses)~~ at end of financial period**	**128,475**	170,206

Intangible and extraordinary items

		Consolidated - current period			
		Before tax $A'000 (a)	Related tax $A'000 (b)	Related outside equity interests $A'000 (c)	Amount (after tax) attributable to members $A'000 (d)
2.1	Amortisation of goodwill	Nil	Nil	Nil	Nil
2.2	Amortisation of other intangibles	Nil	Nil	Nil	Nil
2.3	**Total amortisation of intangibles**	Nil	Nil	Nil	Nil
2.4	Extraordinary items (details)	Nil	Nil	Nil	Nil
2.5	**Total extraordinary items**	Nil	Nil	Nil	Nil

Comparison of half year profits *(Preliminary final report only)*		Current year - $A'000	Previous year - $A'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year	**N/A**	N/A
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year	**N/A**	N/A

Condensed consolidated statement of financial position		At end of current period $A’000	As shown in last annual report $A'000	As in last half yearly report $A'000
	Current assets			
4.1	Cash (includes cash collateral of [(a)] A$24,321,000 [(b)] A$14,269,000 [(c)] A$14,732,000)	**67,705**[(a)]	31,880 [(b)]	35,463[(c)]
4.2	Receivables	**75,359**	89,247	59,426
4.3	Investments	**49,751**	38,571	-
4.4	Inventories	**144,626**	158,106	171,286
4.5	Derivative financial instrument	**20**	20	2,232
4.6	Other (convertible notes)	**-**	500	500
4.7	**Total current assets**	**337,461**	318,324	268,907
	Non-current assets			
4.8	Long term deposit	**-**	-	6,096
4.9	Financial assets available for sale	**-**	-	103,583
4.10	Associate	**83,021**	79,661	71,680
4.11	Inventories	**-**	-	-
4.12	Exploration and evaluation expenditure capitalised	**1,045**	-	-
4.13	Mine development properties costs capitalised	**18,600**	19,030	19,081
4.14	Development properties (+mining entities)	-	-	-
4.15	Other property, plant and equipment (net)	**132,639**	123,040	88,250
4.16	Intangibles (net)	**2,065**	2,065	2,065
4.17	Tax assets	**12,663**	9,714	303
4.18	Other (Prepaid lease payment on land use rights, long term prepayment)	**1,787**	1,793	1,721
4.19	**Total non-current assets**	**251,820**	235,303	292,779
4.20	**Total assets**	**589,281**	553,627	561,686
	Current liabilities			
4.21	Payables	**80,606**	120,250	82,859
4.22	Interest bearing liabilities	**104,350**	106,175	90,770
4.23	Tax liabilities	**692**	3,018	3,151
4.24	Obligations under finance leases	**23**	14	-
4.25	Derivative financial liabilities	**2,713**	8	-
4.26	Bank overdraft	**-**	-	-
4.27	**Total current liabilities**	**188,384**	229,465	176,780
	Non-current liabilities			
4.28	Payables	**-**	-	-
4.29	Interest bearing liabilities	**80,982**	61,289	46,460
4.30	Tax liabilities	**-**	-	876
4.31	Obligations under finance leases	**36**	29	-
4.32	Provisions	**4,974**	4,871	3,970
4.33	**Total non-current liabilities**	**85,992**	66,189	51,306
4.34	**Total liabilities**	**274,376**	295,654	228,086
4.35	**Net assets**	**314,905**	257,973	333,600

Condensed consolidated statement of financial position continued

	Equity			
4.36	Capital/contributed equity	**30,205**	25,205	25,205
4.37	Reserves	**145,294**	74,441	135,990
4.38	Retained profits ~~(accumulated losses)~~	**128,475**	153,133	170,206
4.39	**Equity attributable to members of the parent entity**	**303,974**	252,779	331,401
4.40	Outside +equity interests in controlled entities	**10,931**	5,194	2,199
4.41	**Total equity**	**314,905**	257,973	333,600

4.42	Preference capital included as part of 4.37	**N/A**	N/A	N/A

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised
(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

		Current period $A'000	Previous corresponding period - $A'000
5.1	Opening balance	**-**	-
5.2	Expenditure incurred during current period	**1,755**	2,055
5.3	Impairment/expensing for the period	**(710)**	(2,055)
5.4	Acquisitions, disposals, revaluation increments, etc.	**-**	-
5.5	Expenditure transferred to Mine Development Costs	**-**	-
5.6	Expenditure transferred to Development Properties	**-**	-
5.7	Reimbursement from Co-venturers	**-**	-
5.8	Exchange realignment	**-**	-
5.9	**Closing balance as shown in the consolidated balance sheet** *(item 4.12)*	**1,045**	-

Mine development costs capitalised

		Current period $A'000	Previous corresponding period - $A'000
6.1	Opening balance	**19,030**	19,511
6.2	Expenditure incurred during current period	**389**	600
6.3	Impairment written back during current period	**-**	-
6.4	Acquisitions, disposals, revaluation increments, etc.	**-**	-
6.5	Expenditure transferred from Exploration and evaluation expenditure capitalised	**-**	-
6.6	Amortisation	**(819)**	(1,030)
6.7	Exchange realignment	**-**	-
6.8	**Closing balance as shown in the consolidated balance sheet** *(item 4.13)*	**18,600**	19,081

Development properties
(To be completed only by entities with mining interests if amounts are material)

		Current period $A'000	Previous corresponding period - $A'000
7.1	Opening balance	**N/A**	N/A
7.2	Expenditure incurred during current period	**-**	-
7.3	Expenditure transferred from exploration and evaluation	**-**	-
7.4	Expenditure written off during current period	**-**	-
7.5	Acquisitions, disposals, revaluation increments, etc.	**-**	-
7.6	Expenditure transferred to mine properties	**-**	-
7.7	**Closing balance as shown in the consolidated balance sheet** *(item 4.14)*	**N/A**	N/A

Condensed consolidated statement of cash flows

		Current period $A'000	Previous corresponding period - $A'000
	Cash Flows from Operating Activities		
8.1	(Loss)/profit before taxation	**(31,400)**	6,641
8.2	Adjustments for:		
8.3	Amortisation of long term prepayments and prepaid lease payments on land use rights	**26**	18
8.4	Amortisation of mine development	**819**	1,030
8.5	Depreciation of property, plant and equipment	**6,174**	5,826
8.6	Equity-settled share-based payments	**-**	2,752
8.7	Gain on disposal of available-for-sale financial asset	**(491)**	-
8.8	Loss on disposal of property, plant and equipment	**10**	-
8.9	Property, plant and equipment written off	**354**	145
8.10	Exploration and evaluation costs written off	**710**	2,055
8.11	Fair value gains on derivative instruments	**-**	(1,866)
8.12	Fair value loss on financial assets through profit or loss	**32,148**	-
8.13	Share of results of an associate	**2**	28
8.14	Interest expense	**3,338**	2,077
8.15	Interest income	**(550)**	(358)
8.16	**Operating profit before working capital changes**	**11,140**	18,348
8.17	Decrease/ (increase) in inventories	**14,210**	(18,003)
8.18	Decrease/ (increase) in trade and bill receivables	**37,712**	(8,013)
8.19	Increase in prepayments, deposits and other receivables	**(1,335)**	(1,581)
8.20	Decrease in trade and bill payables	**(36,175)**	(6,139)
8.21	(Decrease)/increase in other payables and accruals	**(3,713)**	12,824
8.22	Increase in long term liabilities	**102**	378
8.23	Cash generated from/(used in) operations	**21,941**	(2,186)
8.24	Overseas income tax paid	**(3,274)**	(1,530)

Condensed consolidated statement of cash flows (cont'd)

		Current period $A'000	Previous corresponding period - $A'000
8.25	**Net cash generated from/(used in) operating activities**	**18,667**	(3,716)
	Cash Flows from Investing Activities		
8.26	Payments for exploration and evaluation	**(1,755)**	(2,055)
8.27	Payments for mine development costs	**(389)**	(600)
8.28	Payment for prepaid land use rights	**-**	(4,018)
8.29	Purchase of property, plant and equipment	**(16,137)**	(5,332)
8.30	Purchase of available-for-sale financial assets	**-**	(1,112)
8.31	Proceeds from disposal of available-for-sale financial assets	**2,569**	-
8.32	Loan to associate	**(3,363)**	(3,203)
8.33	Loan to an external party	**-**	(500)
8.34	Proceeds from convertible note	**500**	-
8.35	Interest received	**550**	358
8.36	**Net cash used in investing activities**	**(18,025)**	(16,462)
	Cash Flows from Financing Activities		
8.37	Dividends paid	**-**	(10,043)
8.38	Repayment of bank and other loans	**(22,108)**	(17,693)
8.39	Proceeds from bank loans	**27**	43,551
8.40	Capital contribution by non-controlling interests	**5,874**	-
8.41	Payment to finance lease creditor	**(10)**	-
8.42	Decrease/(increase) in cash collateral	**(9,977)**	10,732
8.43	Proceeds from convertible note issue	**19,946**	-
8.44	Proceeds from the issue of shares	**34,670**	720
8.45	Interest paid	**(3,338)**	(2,077)
8.46	**Net cash generated from financing activities**	**25,084**	25,190
8.47	Net increase in cash and cash equivalents	**25,726**	5,012
8.48	Cash and cash equivalents at beginning of period	**17,611**	16,070
8.49	Exchange differences on translation of cash and bank balances at beginning of period	**47**	(351)
8.50	**Cash and cash equivalents at end of period**	**43,384**	20,731

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. *(If an amount is quantified, show comparative amount.)*

N/A

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period $A'000	Previous corresponding period - $A'000
9.1 Cash on hand and at bank	**43,384**	20,731
9.2 Deposits at call	**-**	**-**
9.3 Bank overdraft	**-**	**-**
9.4 Other (provide details)	**-**	**-**
9.5 Total cash at end of period *(item 8.50)*	**43,384**	20,731

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
10.1 **(Loss)/profit before tax / revenue** Consolidated (loss)/profit from ordinary activities before tax (*item 1.6*) as a percentage of revenue (*item 1.1*)	**-15.20%**	4.11%
10.2 **(Loss)/profit after tax / equity interests** Consolidated net (loss)/profit from ordinary activities after tax attributable to members (*item 1.12*) as a percentage of equity (similarly attributable) at the end of the period (*item 4.39*)	**-9.68%**	3.12%

Loss per security (LPS)

11. Details of basic and diluted loss per security reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Loss Per Share* is as follows.

(a) Basic LPS: 5.78¢
(b) Diluted LPS: 5.78¢
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic LPS : 508,972,825 and Diluted LPS: 508,972,825

NTA backing	Current period	Previous corresponding Period
12.1 Net tangible asset backing per ordinary security	**A 51.79 cents**	**A 65.77 cents**

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations.)

13.1 Discontinuing Operations

N/A

Control gained over entities having material effect

14.1	Name of entity (or group of entities)	N/A
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	$ Nil
14.3	Date from which such profit has been calculated	N/A
14.4	Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	$ Nil

Loss of control of entities having material effect

15.1	Name of entity (or group of entities)	N/A
15.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	$ N/A
15.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
15.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	$ N/A
15.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	$ N/A

Dividends (in the case of a trust, distributions)

16.1	Date the dividend (distribution) is payable	N/A
16.2	Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	N/A
16.3	If it is a final dividend, has it been declared? *(Preliminary final report only)*	N/A

Amount per security

		Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
	(Preliminary final report only)			
16.4	**Final dividend:** Current year	N/A ¢	N/A ¢	N/A ¢
16.5	Previous year	N/A ¢	N/A ¢	N/A ¢
	(Half yearly and preliminary final reports)			
16.6	**Interim dividend:** Current year	N/A ¢	N/A ¢	N/A¢
16.7	Previous year	N/A ¢	N/A ¢	N/A¢

Total dividend (distribution) per security (interim *plus* final)
(Preliminary final report only)

		Current year	Previous year
16.8	Ordinary securities	N/A ¢	N/A ¢
16.9	Preference securities	N/A ¢	N/A ¢

Half yearly report - interim dividend (distribution) on all securities or
Preliminary final report - final dividend (distribution) on all securities

		Current period $A'000	Previous corresponding period - $A'000
16.10	Ordinary securities *(each class separately)*	**N/A**	10,043
16.11	Preference securities *(each class separately)*	**N/A**	N/A
16.12	Other equity instruments *(each class separately)*	**N/A**	N/A
16.13	**Total**	**N/A**	10,043

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

N/A

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period $A'000	Previous corresponding period - $A'000
17.1 ~~Profit~~ (loss) from ordinary activities before tax	**(8)**	(106)
17.2 Income tax on ordinary activities	**-**	-
17.3 ~~Profit~~ (loss) from ordinary activities after tax	**(8)**	(106)
17.4 Extraordinary items net of tax	**-**	-
17.5 Net ~~profit~~ (loss)	**(8)**	(106)
17.6 Adjustments	**-**	-
17.7 Share of net ~~profit~~ (loss) of associates and joint venture entities	**(2)**	(28)

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (*item 1.4*)	
18.1 Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period $A'000	Previous corresponding period - $A'000
Northern Iron Limited(1)	**14.0%**	15.6%	**-**	**-**
Scandinavian Resources Limited (2)	**-**	11.3%	**491**	**-**
Main Street 774 (Proprietary) Limited(3)	**26.0%**	25.9%	**(2)**	(28)
18.2 Total	**N/A**	N/A	**N/A**	N/A
18.3 Other material interests	**N/A**	N/A	**N/A**	N/A
18.4 Total	**N/A**	N/A	**N/A**	N/A

(1) As at 30 June 2012, the Company held 52,482,500 ordinary shares in Northern Iron Limited (ASX Code: NFE). NFE is not an associate of the Company.
(2) The Company disposed of Scandinavian Resources Limited on 27 January 2012, with a resulting gain of A$491,000 SCR was not an associate of the Company.
(3) Main Street 774 (Proprietary) Limited holds a 50.1% interest in Tshipi Borwa Manganese Project in South Africa.

As at 30 June 2012, the Company's shareholding held in NFE and in Main Street 774 (Proprietary) Limited has been pledged to Standard Chartered Bank in connection with borrowings owed to Standard Chartered Bank.

Issued and quoted securities at end of current period
(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of securities		Total number	Number quoted	Issue price per security	Amount paid up per security
19.1	**Preference securities** *(description)*	N/A	N/A	N/A	N/A
19.2	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	N/A	N/A	N/A	N/A
19.3	**Ordinary securities**	**604,105,150 shares of A$0.05¢ each on issue as at 30 June 2012**	**604,105,150**	N/A	N/A
19.4	Changes during current period (a) Increases through issues	75,000,000 25,000,000	75,000,000 25,000,000	A$0.35 A$0.39	Fully paid Fully paid
	(b) Decreases through returns of capital, buybacks				
19.5	**Convertible debt securities** (*description and conversion factor)*	25,000,000$^{(*)}$	N/A	A$0.80	Fully paid
19.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A

(*) *Maturity: 6 March 2016*
Interest rate and payment: 5% per annum, payable annually in arrears
Redemption: At any time after 7 March 2014, at the option of the Company for the redemption price of 115% of the face value of the Notes redeemed

19.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date (if any)*
		Unlisted Options 3,000,000 4,000,000 4,000,000 4,000,000 2,000,000 2,000,000 **19,000,000**	N/A	A$2.49 A$1.64 A$1.755 A$1.87 A$2.49 A$2.49	01 Jan 13 03 Sept 12 03 Sept 13 03 Sept 14 01 Jan 13 01 Jan 15
19.8	Issued during current period	N/A	N/A	N/A	N/A
19.9	Exercised during current period	N/A	N/A	N/A	N/A
19.10	Expired/lapsed/forfeited during current period	2,000,000 3,000,000 2,000,000	N/A N/A N/A	A$2.49 A$2.49 A$2.49	01 Jan 12 01 Jan 12 01 Jan 14
19.11	**Debentures** *(description)*	N/A	N/A		
19.12	Changes during current period (a) Increases through issues	N/A	N/A		
	(b) Decreases through securities matured, converted	N/A	N/A		
19.13	**Unsecured notes** *(description)*	N/A	N/A		
19.14	Changes during current period (a) Increases through issues	N/A	N/A		
	(b) Decreases through securities matured, converted	N/A	N/A		

Segment reporting
(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's accounts should be reported separately and attached to this report.)

Please refer to attached report

Comments by directors
(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

NIL

Basis of financial report preparation

20.1 If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting. ***It should be read in conjunction with the last +annual report and any announcements to the market made by the entity during the period.*** *The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report.* [Delete if preliminary final report.]

20.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Please refer to attached covering letter.

20.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

N/A

20.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

N/A

20.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

N/A

20.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

N/A

20.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

Masai Stage 1 Sacred Site
The complaint filed on 24 November 2011 against OMM by the Aboriginal Areas Protection Authority ("AAPA"), alleging 2 counts of contravening the Northern Territory Aboriginal Sacred Sites Act (NT) ("the Act") was heard in the Northern Territory Court of Summary Jurisdiction on 19 April 2012. The Court adjourned that complaint to 17 May 2012 for further consideration. On 17 May 2012 AAPA filed in the Court a further complaint of 11 counts of contravening the Act (4 charges of desecration of a sacred site pursuant to section 35 of the Act and 7 charges of contravening an Authority Certificate and damaging a sacred site or causing distress to a custodian pursuant to section 37 of the Act). The Court adjourned the complaints to 26 June 2012 for further consideration. On 26 June 2012 the Court adjourned the complaints to 3 August 2012 in order for the AAPA to provide to OMM further detailed particulars of the counts. Each charge of desecration carries a maximum penalty of A$274,000 and each charge of contravening an Authority Certificate carries a maximum penalty of A$137,000.

The Directors are of the view that the operational and financial impacts of the legal proceedings against the Group are not material. Due to the uncertainty whilst the case is still on going, there is not a requirement to record any provision as at 30 June 2012.

Bootu Creek Manganese Mine – Promet Litigation
The Supreme Court of Western Australia ruled in favour of OMM in its action against the process plant design engineers for the Bootu Creek Manganese Mine, and that OMM was entitled to damages of A$5,730,875.59. OMM was ordered to pay Londsdale Investments Pty Ltd ("Londsdale") an amount of A$1,999.02 in respect to an alleged claim of A$533,000. At a further hearing held on 25 July, total damages and pre judgement interest awarded to OMM was revised to A$7,186,317.61. A hearing to determine the legal costs in respect of the action will be held in mid-August 2012.

OMM has taken steps to enforce the judgment against Londsdale (being the company previously known as Promet Engineers Pty Ltd) and Promet Engineers Pty Ltd. In accordance with the Rules of the Supreme Court, the parties will have a period of time to review the judgment to determine whether there are any findings that they wish to appeal to the Court of Appeal of the Supreme Court. OMM is unable to provide any comment on whether such an appeal is likely or the prospects of success of any such appeal. The Directors are of the view that due to the uncertainty of outcome, both the contingent asset of A$7,186,317.61 and contingent liability of A$1,999.02 have not been recorded in the financial statements as at 30 June 2012.

Additional disclosure for trusts

21.1	Number of units held by the management company or responsible entity or their related parties.	N/A
21.2	A statement of the fees and commissions payable to the management company or responsible entity. Identify: • initial service charges • management fees • other fees	N/A

Annual meeting
(Preliminary final report only)

The annual meeting will be held as follows:

Place	N/A
Date	N/A
Time	N/A
Approximate date the +annual report will be available	N/A

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used	**International Accounting Standards ("IAS") 34 "Interim Financial Reporting" (As permitted by the ASX)**

2 This report, and the accounts upon which the report is based on, use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on accounts to which one of the following applies.
(Tick one)

☐	The accounts have been audited.	☐	The accounts have been subject to review.
✓	The accounts are in the process of being audited or subject to review.	☐	The accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* *(delete one). (Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.)*

6 The entity has/~~does not have~~* *(delete one)* a formally constituted audit committee.

Sign here: Date: 31 July 2012
(~~Director~~/Company Secretary)

Print name: Heng Siow Kwee & Julie Wolseley

Segment reporting

The revenues and profit generated by each of the Group's operating segments and segment assets are summarised as follows:

	Mining	Processing	Marketing and trading	Others	Total
	2011	2011	2011	2011	2011
6 months to June 2011	A$'000	A$'000	A$'000	A$'000	A$'000
Revenue					
From external customers	-	44,160	116,700	877	161,737
From other segments	67,298	-	74,412	206	141,916
Segment revenues	67,298	44,160	191,112	1,083	303,653
Segment operating profit before tax	(2,544)	2,191	13,248	(4,507)	8,388
Segment assets	168,333	128,750	82,622	181,981	561,686

	Mining	**Processing**	**Marketing and trading**	**Others**	**Total**
	2012	**2012**	**2012**	**2012**	**2012**
6 months to June 2012	**A$'000**	**A$'000**	**A$'000**	**A$'000**	**A$'000**
Revenue					
From external customers	**-**	**61,523**	**144,150**	**864**	**206,537**
From other segments	**41,329**	**-**	**89,127**	**-**	**130,456**
Segment revenues	**41,329**	**61,523**	**233,277**	**864**	**336,993**
Segment operating profit /(loss) before tax	**(14,485)**	**3,626**	**14,171**	**(31,922)**	**(28,610)**
Segment assets	**166,283**	**161,390**	**112,642**	**148,966**	**589,281**

The Group's segment operating profit reconciles to the Group's profit before tax as presented in its financial statement as follows:

	6 months to 30 June 2012 A$'000	6 months to 30 June 2011 A$'000
Profit or loss		
Segment results	**(28,610)**	8,388
Share of associates' result	**(2)**	(28)
Finance costs	**(3,338)**	(2,077)
Finance income	**550**	358
Group profit before tax	**(31,400)**	6,641