ANNUAL REPORT

For the year ended 31 December 2010

Australia Oriental Minerals NL

ACN 010 126 708

Contents

Australia Oriental Minerals NL
Corporate Directory

Directors	Mr Patrick J D Elliott	- Chairman, Director
	Mr Chan Kim Fan	- Executive Director
	Mr Norman Ip Ka Cheung	- Non Executive Director
	Dato' Seri Dr Mohd Ajib Anuar	- Non Executive Director
	Mr Choo Mun Keong	- Non Executive Director
	Mr Geoffrey Andrews	- Non Executive Director
	Mr Andrew Bursill	- Non Executive Director

Company Secretary Mr Andrew Bursill

Registered Office and Principal Place of Business
Suite 4, Level 9
341 George Street
Sydney NSW 2000

Bankers
National Australia Bank
255 George Street
Sydney NSW 2000

Solicitor
Addisons Lawyers
Level 12
60 Carrington Street
Sydney NSW 2000

Auditor
Ernst & Young
Ernst & Young Centre
680 George Street
Sydney, NSW
2000

Share Registry
Registries Limited
Level 7
207 Kent Street
Sydney NSW 2000

ASX Code AOM

The Directors of Australia Oriental Minerals NL ("AOM") submit herewith the Annual report of the Company for the financial year ended 31 December 2010.

Principal activities

The principal activities of the Company during the year were exploration and evaluation of its tenements principally in the areas of gold, tin and base metals in New South Wales and Queensland and coal in Indonesia.

There have no significant changes in the nature of the principal activities during the financial year.

Operating Results and Review of Operations for the Year

Operating Results

The loss of the company amounted to $6,972,361 (2009: consolidated $880,921) after providing for income tax. Further discussion on the company's operations now follows.

Review of Operations

Financial Position

The net assets of the Company have decreased from $9,412,174 as at 31 December 2009 to $2,427,295 in 2010. This decrease is largely due to impairment of the investment in Asiatic Coal Pte Limited.

Exploration Activities

The company continued with its ongoing exploration activities in relation to its tenements held in both New South Wales and Queensland.

New South Wales

Kiawarra EL 6269 – (Silver Mines Ltd Joint Venture)

Under a Joint Venture Agreement, Silver Mines Ltd ("SVL") are earning 50% of EL 6269 by expending $95,000 on exploration. EL 6269 hosts a number of historic workings and prospects and SVL are targeting high grade silver and associated lead, zinc, tin and gold mineralization around the old Walla Walla silver mine.

During the year, SVL completed nine reverse circulation ("RC") holes, drilled on six sites, for a total of 942m. All samples from the RC drilling program were sent to Australian Laboratory Services ("ALS") in Brisbane for analysis. Table 1 shows the top assay results for Ag above 100ppm during the 2010 RC Drilling Program.

Table 1: Assays for samples above 100 ppm Ag.

Assay Type	Ag-OG46	ME-ICP41	ME-ICP41	ME-ICP41	Zn-OG46	Pb-OG46	ME-ICP41	Au-AA25
Metal	Ag	Cu	Pb	Zn	Zn	Pb	Sn	Au
Units	ppm	ppm	ppm	ppm	%	%	ppm	ppm
Sample Number								
RC001_68-69	271	3970	>10000	>10000	3.37	5.6	6720	0.07
RC001_69-70	174	1245	>10000	>10000	2.16	4.36	2680	0.03
RC002_97-98 Sample 1	214	3360	>10000	>10000	4.08	2.29	2910	0.09
RC002_97-98 Sample 2	201	3040	>10000	>10000	3.91	2.25	2800	0.08
RC003_74-75 Sample 1	141	410	>10000	>10000	4.05	6.79	2900	0.13
RC003_75-76 Sample 1	124	318	>10000	>10000	2.32	5	1600	0.17
RC004_109-110 Sample 1	120	1370	>10000	>10000	4.66	1.625	1260	0.01
RC004_111-112 Sample 2	290	117	>10000	2600		5.89	1740	0.01
RC009_97-98 Sample 1	141	113	>10000	5500		2.5	2390	0.01

The results from the latest drilling program suggest that the mineralised lode is highly mineralised and up to 2.5m wide in areas adjacent to the old workings but on average approximately 1m to 1.5m wide. The lode, while highly mineralised and high grade, does not seem to have a significant zone of stock work veining and disseminations either side.

The Induced Polarisation ("IP") data from 2009 supports the information gained from this RC drilling program suggesting the lack of a stockworks and/or disseminated zone adjacent to the main mineralised lode.
Further exploration is planned for 2011. Initially this will consist of four additional lines of IP to extend the previous program. If results from the IP program are positive, a second RC drilling program will follow concentrating on proving extensions to the mineralised lode and to investigate extensions of the mineralised lode at depth on section lines where high grade mineralisation has been intersected previously.

Torrington EL 6389 (YTC Resources Ltd Joint Venture)

YTC Resources Ltd ("YTC") are currently earning an 80% interest by expending further expenditure on exploration. There was no work on EL 6389 during the financial year.
Planned exploration includes detailed mapping and sampling as well as reverse circulation drilling to test below historic workings and to test areas of sheeted veining.

Emmaville EL 6431, EL 6384 and EL 7541

Exploration on EL 6384 and EL 6431 was focussed on both tin and silver/base metals. Tin exploration was on both the alluvial paleochannels containing the Vegetable Creek, Y-Water and Graveyard deep leads as well as the sheeted vein systems at the headwaters of the paleodrainages. The sheeted veins are thought to be the primary source of much of the tin in the Emmaville area.

A mapping and rock chip sampling program carried out by SVL in EL 6431 under a letter of agreement in the 2009-10 period has identified target areas in the Swynys area over the Wellingrove-Tangoa Fault extend northward, and in the Strathbogie area over the extension of the Webbs Consols Fault.
The company continued to seek a Joint Venture partner willing to fund exploration over these tenements.

Queensland

Mount Mackenzie Prospect EPMs 10006 and 12546

Located at Coppermine Creek in Central Queensland, Mount Mackenzie is an advanced exploration project. Diamond drilling by SmartTrans, together with the development of a comprehensive geological and geophysical model, has demonstrated that Mt Mackenzie is one of the largest hydrothermal (high-sulphidation) systems in eastern Australia.
Drilling encountered significant gold and copper values in lead-zinc-silver mineralized breccias and extensive, intensely sulphidic, alteration under cover rocks at the "Instinct" Prospect located 500m to 1000m west of Mt Mackenzie. The potential for extensions to this system lies under the volcanic cover outside the limits of all previous drilling.

SmartTrans believes there is significant potential for high grade deposits at Mount Mackenzie and is in discussions with a number of active Australian gold producers and explorers to seek a suitable joint venture partner for this project.

Marlborough Fault Project EPMs 14500, 14501 and 14502

This project comprises three tenements that have the potential to develop large porphyry-style deposits and high grade structurally-controlled gold deposits in dilational fault irregularities and fault intersections.
There was no fieldwork during the financial year. SmartTrans continues to seek a suitable joint venture partner for this project and is pursuing discussions with a number of active Australian gold producers and explorers.

Connors Range Joint Venture EPMs 11134 and 12361

This project comprises two tenements in the northern Lachlan - New England fold belt that include the Waitara porphyry (Cu/Mo) and the Waitara Epithermal (Au) prospects.
There was no fieldwork during the financial year. SmartTrans continues to seek a suitable joint venture partner for this project.

Tenements

New South Wales: As per regulatory requirement, partial relinquishment of EL 6431 occurred during the year. EL 7541 (formerly ELA 3880 covering 13 units to the east of Emmaville and abutting EL 6384 and EL 6431) was granted in May 2010.
Queensland: Partial relinquishments of EPMs 14500, 14501 and 14502 have occurred during the year.

Indonesian Coal Project

The company's interest in the coal mining concession at Muara Teweh in Central Kalimantan is held via its 30% owned associate company, Asiatic Coal Pte Limited ("ACPL").
Mining operations at the site were mainly suspended for most of the financial year pending approval of regulatory matters by Indonesian authorities.
The company decided to sell its 30% shareholding in ACPL for USD $1.08million following the divestment decision by the major shareholder of the company, Malaysia Smelting Corporation Berhad ("MSC"), which also owns 30% of ACPL. The sale was finalised on 18 March 2011 and is expected to be completed by April 2011.

Corporate Activities

During the year, exploration costs at Mt Wheeler and Connors Arch EPM 11134 have been written off to nil in the statement of comprehensive income.

In December, MSC and its parent company, The Straits Trading Company Limited ("STC"), advised of their plans to sell their entire shareholding in the company. This is in the light of MSC's decision to divest its non-tin investments and assets and focus on its core tin business.

Part of the information in the Exploration Activities section is based on information compiled by Phillip Kimber, who is a member of the Australian Institute of Mining and Metallurgy. Phillip Kimber 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 Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Phillip Kimber consents to the inclusion in this report of the matters on his information in the form and context in which it appears.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the period, other than those disclosed as after balance sheet events in the Directors report.

Dividends Paid or Recommended

No dividends have been paid or proposed during the year or up to the date of this report (2009: nil).

After Balance Date Events

On 18 March 2011, the company finalised the sale of its 30% interest in its associate entity, Asiatic Coal Pte Limited ("ACPL) for USD $1.08million.

The major shareholder of the company, MSC and its parent company, STC, have advised of their plans to sell their entire shareholding in the company in the light of MSC's decision to divest its non-tin investments and assets and focus on its core tin business.

Except for the above, no other matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect:

(i) the Company's operations in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the Company's state of affairs in future financial years.

Future Developments, Prospects and Business Strategies

During the coming financial year, the Company will continue to concentrate on the exploration of tin and other minerals in its exploration tenements in Queensland and New South Wales.

Environmental Issues

The Company's operations are regulated by the Mineral Resources Development Legislation in the jurisdictions in which it operates. The Company is at all times in full environmental compliance with the conditions of its licences.

Information on the Directors

Patrick J D Elliott (Non-executive Independent Chairman)

Experience and expertise
Patrick Elliott holds Bachelor of Commerce and Master of Business Administration degrees. He has over 30 years of experience in investment, financial and industrial management having previously been with Consolidated Goldfields Australia Limited, Morgan Grenfell Australia and Natcorp Investments Limited. He is also a director of several other Australian public companies involved in resources development. Mr Elliott was appointed to the Board on 9 November 1998.

Other current directorships
Argonaut Resources NL, MIL Resources Limited, Crossland Uranium Mines Limited, Global Geoscience Limited, Platsearch NL and Acuvax Limited

Former directorships in last 3 years
Heritage Gold NZ Limited and Sundance Resources Ltd

Interest in shares and options
170,001 directly and 4,866,695 indirectly held ordinary shares in AOM
5,000,000 indirectly held options in AOM

Chan Kim Fan (Executive Director)

Experience and expertise
Mr. Chan is the Mining Consultant in the Strategic Planning and Investment Division of MSC. He has over 36 years experience in the tin business and is involved in project valuations and due diligence studies focussing on tin, gold, nickel and coal projects. He has held various positions within the Malaysia Mining Corporation Berhad (MMC) Group of companies involved in mine management, project valuations and implementations and due diligence covering various mineral commodities locally and overseas. Prior to his appointment at SRM, he was head of Pernas Charter Management Sdn Bhd a subsidiary of MMC which manages the exploration and mining activities within the MMC Group. Mr Chan is a graduate from the Camborne School of Mines (ACSM), England and is a member of the Institution of Engineers, Malaysia (MIEM). Mr Chan was appointed to the Board on 28 May 2007.

Other current directorships
None

Former directorships in last 3 years
None

Interests in shares and options
None - ordinary shares in AOM
10,000,000 options in AOM

Mr Norman Ip Ka Cheung (Non-executive Non-independent Director)

Experience and expertise
Mr. Ip graduated with a BSc (Econs) from the London School of Economics and Political Science. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Institute of Certified Public Accountants of Singapore. Currently, Mr. Ip is the Chairman of the Board of MSC, listed on Bursa Malaysia Securities Berhad. He was first appointed a Non-independent and Non-executive Director of the MSC in 1993 and was last re-elected in 2007. Mr Ip retired as the President & Group CEO and Executive Director of The Straits Trading Company Limited, the ultimate holding company of AOM, on 31 October 2009 and was appointed as the Advisor to The Straits Trading Company on 1st November 2009. Mr Ip is also the Chairman of UE E&C Ltd and serves on the boards of WBL, United Engineers Limited, The Great Eastern Holdings Limited and AIMS AMP Capital Industrial REIT, companies listed on the Singapore Stock Exchange. He is also a Member of the Building and Construction Authority Board in Singapore. Mr. Ip was appointed to the Board on 22 April 2003.

Other current directorships
None

Former directorships in last 3 years
None

Interests in shares and options
None

Dato' Seri Dr Mohd Ajib Anuar (Non-Executive Non-independent Director)

Experience and expertise
Dato' Seri Dr Mohd Ajib Anuar is the Group Chief Executive Officer and Executive Director of MSC. He has a professional qualification of the Association of Chartered Certified Accountants, United Kingdom. He has more than 39 years experience in the minerals and metals resource industry. He is currently the President of the Malaysian Chamber of Mines, Chairman of the Kuala Lumpur Tin Market, a Director of ITRI Innovation Ltd, United Kingdom and Chairman of the Malaysian Tin Industry (Research and Development) Board. He was appointed to the Board on 24 March 2003.

Other current directorships
None

Former directorships in last 3 years
Beaconsfield Gold NL (ASX listed)

Interests in shares and options
5,000,000 options in AOM

Choo Mun Keong (Non- Executive Director)

Experience and expertise
Mr. Choo has 42 years experience in exploration and mining geology in South East Asia and internationally. Apart from geology, he has been involved in due diligence and mergers and acquisitions since 1987.

He is currently head of Strategic Planning and Investments / Consulting Geologist of MSC. The business focus is on tin. His previous experience includes 7 years as Chief Geologist of Pernas Charter Management Sdn Bhd (general managers for the Malaysia Mining Corporation Group of companies) during which he managed and directed geological work at mines, evaluation of ore reserves, and exploration projects. He was also the South East Asia consultant and representative for Anglo American Pacific Ltd for 2 years, responsible for identification and valuation of suitable projects for acquisitions. He was appointed to the Board on 28 May 2007.

Mr Choo holds a BSc (Hons) in Geology from the University of Malaya and is a Chartered Engineer (UK). He is also a member of the Institute of Materials, Minerals and Mining (MIMMM) and has served as Vice President of the Geological Society of Malaysia and Chairman of the Institution of Mining and Metallurgy (Malaysian Section).

Other current directorships
None

Former directorships in last 3 years
Beaconsfield Gold NL (ASX listed)

Interests in shares and options
None - ordinary shares in AOM
5,000,000 - options in AOM

Geoffrey Andrews (Non- Executive Director)

Experience and expertise
Mr Andrews holds a Bachelor of Engineering degree in Mining Engineering from the University of New South Wales. He has 40 years experience in exploration and project planning, evaluation and development in Australian coal, minerals and petroleum industries as well in strategic and business planning, commercial and regulatory matters.

He has held executive positions with Esso Australia Limited and Exxon Coal and Minerals Australia Limited and is presently Director and Principal of Andrews Consulting Group, a specialist consultant to the coal and minerals industry and their service suppliers. Mr Andrews was appointed to the Board on 28 January 2009.

Other current directorships
None

Former directorships in last 3 years
None

Interests in shares and options
None

Andrew Bursill (Non- Executive Director and Company Secretary)

Experience and expertise

Mr Bursill was appointed to the position of Non-Executive Director on 18 June 2010. In addition to his appointment as Non-Executive Director Mr Bursill is also the Company Secretary, having been appointed in 2004. Mr Bursill is a Chartered Accountant with more than 10 years' experience as a Director and Company Secretary of numerous publicly listed entities.

In addition to his appointment at Australia Oriental Minerals NL, Mr Bursill is currently a Director and Company Secretary of Argonaut Resources NL and Company Secretary of Acuvax Limited, Cellmid Limited and MOKO.mobi Limited and several other unlisted public and private companies.

Other current directorships
Argonaut Resources NL (ASX listed)

Former directorships in last 3 years
None

Interests in shares and options
5,000,000 - ordinary shares in AOM
8,000,000 - options in AOM

Directors' Meetings
The number of Directors' meetings (and circulating resolutions) held and attended by each of the Directors of the Company during the financial year were:

	Held whilst a Director	Attended
Patrick J D Elliott	7	6
Chan Kim Fan	7	7
Choo Mun Keong	7	6
Norman Ip Ka Cheung	7	5
Dato' Seri Dr Mohd Ajib Anuar	7	7
Geoffrey Andrews	7	6
Andrew Bursill	3	3

Due to the change and reduction in scale of the Company's operations, audit committee matters were incorporated into board meetings during the year and no separate audit committee meetings were held. The directors will continue to review the necessity for separate meetings on an annual basis in line with the Company's operations.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2010 has been received and can be found on page 18.

Remuneration Report (Audited)

The remuneration report is set out under the following headings:

A Remuneration policy

B Details of remuneration

C Service agreements

D Share based payments

E Additional information

The information provided under headings A-D includes remuneration disclosures that are required under AASB *124 Related Party Disclosures.* These disclosures have been transferred from the financial report and have been audited. The disclosures in section E are additional disclosures required by *Corporations Act 2001* and *Corporations Regulations 2001* which have not been audited.

A Remuneration policy

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

The remuneration structure for Directors, secretaries and senior managers is based on the following factors:

- experience of the individual concerned
- the overall performance of the market in which the Company operates
- the overall performance of the Company

Employment Details

The following table provides employment details of persons, who were, during the financial year, members of key management personnel of the Company, and to the extent different, among the Company executives or company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	Position held as at 31 December 2010	Contract details (duration & termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
			Non-salary cash-based incentives %	Shares/ Units %	Options / Rights %	Fixed Salary/ Fees %	Total %
Company Key Management Personnel							
Chan Kim Fan	Executive Director	No fixed term. No notice required to terminate.	-	-	-	100	100
Other Key Management Personnel							
AW Bursill	Company Secretary	No fixed term. No notice required to terminate.	-	-	-	100	100

The employment terms and conditions of key management personnel and Company executives are formalised in contracts of employment.

B Details of remuneration

Details of the nature and amount of each element of the remuneration of the key management personnel (as defined AASB 124 *Related Party Disclosures)* of Australia Oriental Minerals NL are set out in the following tables. Key management personnel of Australia Oriental Minerals NL include the directors and the following executive officer.

- P J D Elliott — Non-executive Chairman
- Chan Kim Fan — Executive Director
- Dato' Seri Dr Mohd Ajib Anuar — Non-executive Director
- Norman Ip Ka Cheung — Non-executive Director
- Choo Mun Keong — Non-executive Director
- G Andrews — Non-executive Director
- A W Bursill — Non-executive Director / Company Secretary

2010 (12 months)	SHORT TERM			POST-EMPLOYMENT		SHARE-BASED		
$	Cash and Salary Fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Shares	Options	**Total**
Non-executive directors								
PJD Elliott	20,000	-	-	-	-	-	-	20,000
Dato' Seri Dr Mohd Ajib Anuar	20,000	-	-	-	-	-	-	20,000
Norman Ip Ka Cheung	20,000	-	-	-	-	-	-	20,000
Choo Mun Keong	20,000	-	-	-	-	-	-	20,000
G Andrews	20,000	-	-	-	-	-	-	20,000
AW Bursill *	10,834							10,834
Total Non-Exe. Directors	110,834	-	-	-	-	-	-	110,834
Executive directors								
Chan Kim Fan	53,964	-	-	-	-	-	-	53,964
Total Executive Directors	53,964	-	-	-	-	-	-	53,964
Total	164,797	-	-	-	-	-	-	164,797

2009 (12 months)	SHORT TERM			POST-EMPLOYMENT		SHARE-BASED		
$	Cash and Salary Fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Shares	Options	**Total**
Non-executive directors								
PJD Elliott	20,000	-	-	-	-	-	-	20,000
Dato' Seri Dr Mohd Ajib Anuar	20,000	-	-	-	-	-	-	20,000
Norman Ip Ka Cheung	20,000	-	-	-	-	-	-	20,000
Choo Mun Keong	20,000	-	-	-	-	-	-	20,000
G Andrews	20,000	-	-	-	-	-	-	20,000
Total Non-Exe. Directors	100,000	-	-	-	-	-	-	100,000
Executive directors								
Chan Kim Fan	46,400	-	-	-	-	-	-	46,400
Total Executive Directors	46,400	-	-	-	-	-	-	46,400
Other Key management personnel								
AW Bursill *	-	-	-	-	-	-	-	-
Total	146,400	-	-	-	-	-	-	146,400

* AW Bursill, Company Secretary and Chief Financial Officer, is an associate of Franks & Associates Pty Ltd which provides accounting and company secretarial services to Australia Oriental Minerals NL (AOM). The contract between AOM and Franks & Associates is based on normal commercial terms. A total of $89,708 (2009: $97,359) was received by Franks and Associates in relation to this contract for the year. Further information is contained in Note 19b.
On 18 June 2010, AW Bursill was also appointed non executive director of the company and received director fees of $10,834.

C Services agreements

Chan Kim Fan

The following service agreement was in place from May 2007:

- $800 per day worked;
- All travelling and other out of pocket expenses incurred in the course of work for the Company will be reimbursed at cost and a laptop is provided for use in the performance of work;

D Share- based payments

There are no share based payments during the financial year 31 December 2010. Options granted to directors and key management personnel in prior years are disclosed in the table in the share-based payments note to the accounts.

E Additional information

Loans to directors
The Company has made no loans to directors during the current or previous financial year.

Insurance of Directors
During the year, the Company did not enter into a Directors and Officers insurance policy.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The board of directors have satisfied themselves that the provision of non-audit services are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and do not compromise the auditor independence requirements of the Act.

Details of the amounts paid to the auditor for audit and non-audit services provided during the year are set-out below.

	2010 $	2009 **$**
Remuneration of the auditor for:		
DFK Richard Hill		
Audit of financial reports	2,000	37,442
Ernst & Young		
Review of financial reports	40,389	-
Other services	3,539	-
Total	45,928	37,442

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

Interest in Contracts

No Directors have any interests in contracts with Australia Oriental Minerals NL.

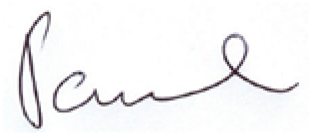
Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Other Matters

Following the 1992 decision of the High Court of Australia in Mabo vs Queensland (No. 2) and the enactment of the Native Title Act (1993) (the Act) by the Commonwealth of Australia, claims of Native Title over some of the Company's tenements have been made and may be made.

This report is made in accordance with a resolution of the directors.



Chan Kim Fan
Executive Director

29 March 2011

CORPORATE GOVERNANCE STATEMENT

The Board of directors of Australia Oriental Minerals NL is responsible for the corporate governance of the Company. The Board monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board of directors acknowledges the Principles of Good Corporate Governance and Best Practice Recommendations set by the Australian Stock Exchange ("ASX") Corporate Governance Council. However in view of the Company's current size and extent of nature of operations, full adoption of the recommendations is currently not practical. The Board will continue to work towards full adoption of the recommendations in line with growth and development of the Company in the years ahead. Where the Company's framework is different to the Principles of Good Corporate Governance and Best Practice Recommendations set by the Australian Stock Exchange ("ASX") Corporate Governance Council, it has been noted.

A summary of the current corporate governance practices as adopted by the Board are as follows:

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions

The primary responsibilities of the Board include:

- The approval of the annual and half-yearly financial report;
- The establishment of the long term goals of the entity and strategic plans to achieve those goals;
- The review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a quarterly basis;
- Ensuring that the entity has implemented adequate internal controls together with appropriate monitoring of compliance activities; and
- Ensuring that the entity is able to pay its debts as and when they fall due.

The Company discloses the curriculum vitae of each director in its Annual Report.

The Company's executive management comprises the Executive Director (Chan Kim Fan) and the Chief Financial Officer (Andrew Bursill), to whom the board delegates responsibilities as outlined in their contracts and as expected for these executive positions.

Recommendation 1.2 – Companies should disclose the process for evaluating the performance of senior executives

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

The remuneration structure for directors, secretaries and senior managers is based on the following factors:

- experience of the individual concerned
- the overall performance of the market in which the Company operates
- the overall performance of the Company

CORPORATE GOVERNANCE STATEMENT (continued)

Recommendation 1.3 – Companies should disclose the process for evaluating the performance of senior executives

Given the limited number of senior executives (2), their performance is constantly reviewed by the Board as part of the ordinary course of meetings of the directors.

There have been no departures from Principle 1 during the year ending 31 December 2010.

Principle 2: Structure the board to add value

Recommendation 2.1 – A majority of the board should be independent directors

Recommendation 2.2 – The chair should be an independent director

Recommendation 2.3 – The roles of chair and chief executive officer should not be exercised by the same individual

Recommendation 2.4 – The board should establish a nomination committee

Recommendation 2.5 – The Company should disclose the process for evaluating the performance of the board, its committees and individual directors

Recommendation 2.6 – The Company should provide the information indicated in the Guide to reporting on Principle 2

- The skills, experience and expertise relevant to the position of director and period of office held by each director is disclosed within the directors' report of the Company's Annual Report.

- Presently the board consists of one executive director (Chan Kim Fan) and six non-executive directors (Dato Seri Dr Mohd Ajib Anuar, Norman Ip Ka Cheung, Choo Mun Keong , Patrick Elliott, Geoff Andrews and Andrew Bursill). As Chan Kim Fan, Dato' Seri Dr Mohd Ajib Anuar, Norman Ip Ka Cheung and Choo Mun Keong are associates of a substantial shareholder, they are not considered independent.

- With the prior approval of Chairman, each director has the right to seek independent legal and other professional advice at the entity's expense concerning any aspect of the entity's operations or undertaking in order to fulfill their duties and responsibilities as directors.

- The Company does not presently have a nomination committee. Due to the size and nature of the activities of the Company, the nomination of new directors is conducted by the board by way of ongoing review and discussion in relation to experience deficiencies that may exist within the existing board structure.

- The performance of the board is reviewed as part of the ordinary course of meetings of the directors.

There have been the following departures from Principle 2 during the year ending 31 December 2010:

Recommendation 2.1 – Due to the Company's share structure and business relationship with its ultimate parent, the board does not have a majority of independent directors.

Recommendation 2.4 – Due to the size of the Company's operations, nomination of new directors is considered by the full board and therefore the Company does not have a nomination committee.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1 – The Company should establish a code of conduct and disclose the code

The Board endeavours to ensure that the directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Specifically, that directors, officers and employees must:

- Comply with the law
- Act in the best interests of the Company
- Be responsible and accountable for their actions, and
- Observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

Recommendation 3.2 – The Company should establish a policy concerning trading in Company securities and disclose a summary of that policy

The Company's policy regarding directors and employees trading in its securities, is set by the Board of directors. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

The Company has set the following close periods of trading in the Company's securities by the directors and employees:

- 1 January and the day of release of the Full Year Report to the ASX;
- 1 July and the day of release of the Half Year Report to the ASX; or
- Any other periods from time to time when the Company is considering matters which are subject to Listing Rule 3.1A as resolved by the Board of the Company.

Recommendation 3.3 – The Company should provide the information indicated in the Guide to reporting on Principle 3

There have been no departures from Principle 3 during the year ending 31 December 2010.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1 – The Board should establish an audit committee

Recommendation 4.2 – The audit committee should be structured so that it: (i) consists only of non-executive directors, (ii) consists of a majority of non-executive directors; (iii) is chaired by an independent chair, who is not the chair of the board; and (iv) has at least three members.

Recommendation 4.3 – The audit committee should have a formal charter

Recommendation 4.4 – The Company should provide the information indicated in the Guide to reporting on Principle 4

There have been the following departures from Principle 4 during the year ending 31 December 2010:

Recommendations 4.1, 4.2, 4.3 – Due to the Company's size and nature of operations, limited to joint venture operations where the Company is not an active partner, the Board is actively involved in ongoing operational and financial review. As a result the functions ordinarily undertaken by an audit committee are undertaken by the board of directors of the Company.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 5: Make timely and balance disclosure

Recommendation 5.1 – The Company should put in place mechanisms designed to ensure compliance with the ASX Listing Rule requirements.

The board and company secretary have been appointed as the persons responsible for communications with the Australian Stock Exchange (ASX). These persons are also responsible for ensuring the compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX.

Recommendation 5.2 – The Company should provide the information indicated in the Guide to reporting on Principle 5

There have been no departures from Principle 5 during the year ending 31 December 2010.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 – The Company should design a communications policy for promoting effective communication with shareholders.

The Board and the Company Secretary are responsible for the communications strategy to promote effective communications with shareholders and encourage effective participation at general meeting. Due to the size of the Company, all communications are prepared and administered in-house.

The Company provides an update on its activities on a quarterly basis as required under the ASX Listing Rules.

Recommendation 6.2 – The Company should provide the information indicated in the Guide to reporting on Principle 6

There have been no departures from Principle 6 during the year ending 31 December 2010.

Principle 7: Recognise and manage risk

Recommendation 7.1 – The Company should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board is responsible for the entity's system of internal controls. The board constantly monitors the operation and financial aspects of the entity's activities and considers the recommendations and advice of external auditors and other external advisers on the operations and financial risks that face the entity.

The board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the entity has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced personnel.

The Company obtains statements from its chief executive officer and chief financial officer that:

- the Company's financial reports present a true and fair view in all material respects, of the Company's financial condition and operational results are in accordance with the relevant accounting standards. Furthermore, the Board of directors does, in its role, state to shareholders in the Company's accounts that they are true and fair, in all material respects

- the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements policies adopted by the board

- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

CORPORATE GOVERNANCE STATEMENT (continued)

The Board believes the Company's risk management and internal compliance and control procedures are operating efficiently and effectively in all material aspects appropriate for a Company of Australia Oriental Minerals NL size and nature.

Recommendation 7.2 – The Company should require management to design and implement a risk management and internal control system to manage the Company's material business risks.

Recommendation 7.3 – The Company should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4 – The Company should provide the information indicated in the Guide to reporting on Principle 7

There have been no departures from Principle 7 during the year ending 31 December 2010.

The Company has received an update from management as to the effectiveness of the Company's management of its material business risks.

The Board has received assurance from the chief executive officer and chief financial officer under Recommendation 7.3.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – The Board should establish a remuneration committee

Recommendation 8.2 – The Company should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Recommendation 8.3 – The Company should provide the information indicated in the Guide to reporting on Principle 8

The Company does not have any scheme for retirement benefits, other than superannuation, for any directors.

There have been the following departures from Principle 8 during the year ending 31 December 2010:

<u>Recommendations 8.1</u>– Due to the Company's size, nature of operations, and limited executive team, the board is actively involved in ongoing remuneration policy. As a result the functions ordinarily undertaken by a remuneration committee are undertaken by the Board of directors of the Company.

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Auditor's Independence Declaration to the Directors of Australia Oriental Minerals NL

In relation to our audit of the financial report of Australia Oriental Minerals NL for the financial year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

M Elliott

Mike Elliott
Partner
29 March 2011

Australia Oriental Minerals NL
Statement of Comprehensive Income
For the Financial Year Ended 31 December 2010

	Notes	2010 $	2009 $
Revenue	6	2,905	3,682
Director fees		(110,834)	(100,000)
Depreciation expenses		(961)	(1,030)
Write-off of exploration assets	12	(158,938)	(32,190)
Impairment of investment in associate	13	(6,111,984)	-
Other expenses		(28,970)	(60,604)
Professional fees		(221,939)	(256,623)
Corporate expenses		(35,895)	(35,019)
Finance costs		-	(272,652)
Equity accounted loss for associates		(305,745)	(126,485)
Total Expenses		(6,975,266)	(884,603)
Profit (loss) before income tax		(6,972,361)	(880,921)
Income tax expense	7	-	-
Profit (loss) for the year		(6,972,361)	(880,921)
Other comprehensive income		-	-
Total comprehensive loss attributable to equity holders of Australia Oriental Minerals NL		(6,972,361)	(880,921)
Basic loss per share (cents per share)		(0.32)	(0.07)
Diluted loss per share (cents per share)	24	(0.32)	(0.07)

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

Australia Oriental Minerals NL
Statement of Financial Position
As at 31 December 2010

		2010 $	2009 $
Current assets			
Cash and cash equivalents	8	119,909	489,042
Trade and other receivables	9	2,728	2,272
		122,637	491,314
Non-current assets classified as held for sale	13	1,084,565	-
Total current assets		1,207,202	491,314
Non-current assets			
Deposits	10	125,000	115,000
Property, plant and equipment	11	15,599	16,560
Exploration & evaluation assets	12	1,656,973	1,772,734
Investments	13	-	7,417,349
Total non-current assets		1,797,572	9,321,643
Total assets		3,004,774	9,812,957
Current liabilities			
Trade and other payables	14	527,479	320,783
Provisions	15	-	30,000
Total current liabilities		527,479	350,783
Non-current liabilities			
Provisions	15	50,000	50,000
Total non-current liabilities		50,000	50,000
Total liabilities		577,479	400,783
Net assets		2,427,295	9,412,174
Equity			
Parent entity interest			
Contributed equity	16	45,445,398	45,457,916
Reserves	17	177,850	177,850
Accumulated losses	18	(43,195,953)	(36,223,592)
Total equity		2,427,295	9,412,174

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

Australia Oriental Minerals NL
Statement of Changes in Equity
For the Financial Year ended 31 December 2010

	Ordinary Shares	Share Based Payments Reserves	Accumulated losses	Total
	$	$	$	$
Balance at 31 December 2008	**39,649,090**	**177,850**	**(35,342,671)**	**4,484,269**
Loss for the period	-	-	(880,921)	(880,921)
Total comprehensive loss for the period	-	-	(880,921)	(880,921)
Share issued during the period	5,822,225	-	-	5,822,225
Capital raising costs	(13,399)	-	-	(13,399)
Balance at 31 December 2009	**45,457,916**	**177,850**	**(36,223,592)**	**9,412,174**
Loss for the period	-	-	(6,972,361)	(6,972,361)
Total comprehensive loss for the period	-	-	(6,972,361)	(6,972,361)
Capital raising costs	(12,518)	-	-	(12,518)
Balance at 31 December 2010	**45,445,398**	**177,850**	**43,195,953**	**2,427,295**

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

Australia Oriental Minerals NL
Cash Flow Statement
For the year ended 31 December 2010

	Notes	2010 $	2009 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of goods and services tax)		(277,613)	(346,380)
Interest received		2,905	3,682
Net cash inflow (outflow) from operating activities	22	(274,708)	(342,698)
Cash flows from investing activities			
Payment for investment in ACPL (associated company)		-	(945)
Payments for exploration expenditure capitalised		(81,907)	(72,918)
Net cash inflow (outflow) from investing activities		(81,907)	(73,863)
Cash flows from financing activities			
Proceeds from issues of shares		-	351,311
Payment for cost of issuing shares		(12,518)	(13,399)
Net cash inflow (outflow) from financing activities		(12,518)	337,912
Net (decrease) in cash held		(369,133)	(78,649)
Cash at the beginning of financial year		489,042	567,691
Cash at the end of financial year	8	119,909	489,042

The above cash flow statement should be read in conjunction with the accompanying notes.

Note 1 Summary of significant accounting policies

This financial report covers Australia Oriental Minerals NL, a public listed company, incorporated and domiciled in Australia.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report was authorised for issue by the Directors on 29 March 2011.

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report also complies with International Financial Reporting Standards (IFRS).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars.

(a) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Note 1 Summary of significant accounting policies (continued)

(b) Property, Plant and Equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Freehold Land	0%
Plant & Equipment	5–33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant areas of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(d) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted

Note 1 Summary of significant accounting policies (continued)

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Note 1 Summary of significant accounting policies (continued)

(d) Financial Instruments (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the Company's share of post-acquisition reserves of its associates.

(g) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

(i) Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in these goods.

(ii) Interest Income

Interest income is recognised as it accrues.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Cash and Cash Equivalents

For cashflow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Provisions

Provisions for legal claims and service warranties are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(k) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represented liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and rise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30-60 days of recognition.

Note 1 Summary of significant accounting policies (continued)

(l) Non-current assets held for sale

Non-current assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

(m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weight average number of ordinary shares and dilutive potential ordinary shares, adjusted for nay bonus element

(o) Share-based payment transactions

The company provides benefits to its directors (including key management personnel) in the form of share-based payment. The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they granted. The fair value is determined by an external valuer using a binomial model.

(p) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates

Impairment

The Company assesses impairment at each reporting date by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgments

Exploration and Evaluation Expenditure

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

(q) New Standards and interpretations

Accounting Standards and Interpretations issued but not yet effective

A number of Australian Accounting Standards and Interpretations [and IFRS and IFRIC Interpretations] are in issue but are not effective for the current year end. The reported results and position of the company will not change on adoption of these pronouncements as they do not result in any changes to the company's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The Company does not intend to adopt any of these pronouncements before their effective dates.

Note 1 Summary of significant accounting policies (continued)

(q) New Standards and interpretations (continued)

Changes in accounting policy

Since 1 January 2010, the Company has adopted a number of Australian Accounting Standards and Interpretations which were mandatory for annual reporting periods beginning on or after 1 January 2010. Adoption of these Standards and Interpretations has not had any effect on the financial position or performance of the Company but may have impacted the financial report disclosures

Note 2 Financial risk management

a. Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks and accounts payable.

The Company does not presently have any bills, lease, preference share, or derivatives.

i. Treasury Risk Management
Due to the size and nature of the Company's operations, and the Company's limited exposure to treasury products, the Company does not consider treasury risk to be a main risk of the Company.

ii. Financial Risk Exposure and Management

The main risks the Company is exposed to through its financial instruments are liquidity risk, credit risk, price risk and foreign exchange risk.

Due to the size and nature of the Company's operations, the Company does not consider interest rate risk, price risk or foreign currency risks to be a main risk of the Company.

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate access to funds on deposit is maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There is no material amounts of the collateral held as security 31 December 2010.

Credit risk is managed on a Company basis and reviewed regularly. It arises from exposure to investments held as well as through and deposits with financial institutions. Credit risk pertaining to the investment held in Asiatic Coal Pte Ltd ceased after its disposal post year end.

The Company does not have any significant trade receivables at the 31 December 2010.

Price risk

The Company's activities as a mineral exploration entity do not expose it to market or price risk at this stage.

Note 2 Financial risk management (continued)

Foreign Exchange Risk

The Company's activities as a coal exploration company do not expose it to foreign exchange risk at this stage.

b. Financial Instruments

i. **Derivative Financial Instruments**

As at the date of this report, the Company does not have any derivative financial instruments.

ii. **Trade and sundry payables**

Trade and sundry payables are expected to be paid as follows:

	2010	2009
	$	$
Less than 6 months	527,479	320,783

iii. **Net Fair Values**

The Net fair values of all assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Financial assets where the carrying amount exceeds net fair values have not been written down as the as the Company intends to hold these assets to maturity.

Financial Assets and Liabilities

	Floating Interest Rate		**Fixed Interest 1 Year Maturity**		**Non-Interest Bearing**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	$	$	**$**	$	**$**	$	**$**	$
Financial Assets:								
Cash at bank	119,909	489,042	-	-	-	-	119,909	489,042
Security Deposits	-	-	-	-	125,000	115,000	-	-
Receivables	-	-	-	-	2,728	2,272	2,728	2,272
Total Financial Assets	119,909	489,042	-	-	127,728	117,272	122,637	491,314
Financial Liabilities:								
Trade creditors	-	-	-	-	1,014	-	1,014	-
Sundry creditors and accruals	-	-	-	-	441,520	320,040	441,520	320,040
Related party loan	-	-	-	-	84,945	743	84,945	743
Total Financial Liabilities	-	-	-	-	527,479	320,783	527,479	320,783

Note 3 Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

Estimated impairment of investments

The Company tests annually whether investments have suffered any impairment in accordance with the accounting policy stated in Note 1. The Company's investment in ACPL was reviewed at assessed to be valued at lower of its company amount and fair value less costs to sell given its carrying amount will be recovered principally through the sale transaction post year end.

Note 4 Segment Information

Segment Information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Types of product and service by segment

As of the date of this report and during the year ended 31 December 2010 the Company operates entirely in the industry of exploration of minerals in Australia and coal in Indonesia. The operating segments are identified based on the size of the exploration tenements.

The Company is managed primarily on its tenements. An operating segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environment.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the type of product and service. The Company has determined that the reportable operating segments are based on geographical locations as this is the source of the Companys major assets.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in Note 1 to the accounts and the annual financial statements of the Company

Basis of accounting for purposes of reporting by operating segments

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Note 4 Segment Information (continued)

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

Corporate office activities

Corporate office activities are not allocated to operating segments and form part of the reconciliation to net profit/ (loss) after tax.

The following table presents reportable segments for the years ended 31 December 2010 and 31 December 2009.

Segment Result

Segment Result 31 December 2010	**Australia $**	**Indonesia $**	**Total $**
Segment result	-	(305,745)	(305,745)
Reconciliation of segment net loss after tax to net profit/ (loss) before tax:			
Interest income			2,905
Corporate, professional and other expenses			(397,638)
Depreciation expense			(961)
Impairment of investment	-	(6,111,984)	(6,111,984)
Write off of exploration assets	(158,938)		(158,938)
Finance cost			-
Net (loss) before tax per the statement of comprehensive income			(6,972,361)

Segment Result 31 December 2009	**Australia $**	**Indonesia $**	**Total $**
Segment result	-	(126,485)	(126,485)
Reconciliation of segment net loss after tax to net profit/ (loss) before tax:			
Interest income			3,682
Corporate, professional and other expenses			(452,246)
Depreciation expense			(1,030)
Write off of exploration assets	(32,190)		(32,190)
Finance cost			(272,652)
Net (loss) before tax per the statement of comprehensive income			(880,921)

Segment Assets

Segment Assets 31 December 2010	**Australia $**	**Indonesia $**	**Total $**
Segment operating assets	1,656,973	1,084,565	2,741,538
Intersegment eliminations:			
Cash and cash equivalent			119,909
Trade and other current assets			127,728
Property, plant and equipment			15,599
Total assets per the statement of financial position			3,004,774

Note 4 Segment Information (continued)

Segment Assets 31 December 2009	**Australia $**	**Indonesia $**	**Total $**
Segment operating assets	1,772,734	7,417,349	9,190,083
Intersegment eliminations:			
Cash and cash equivalent			489,042
Trade and other current assets			117,272
Property, plant and equipment			16,560
Total assets per the statement of financial position			9,812,957

Segment liabilities

Liabilities of $577,479 per the statement of financial position relate to the Australian operations.

Note 5 Auditor's Remuneration

	2010 $	2009 $
Remuneration of the auditor for:		
DFK Richard Hill		
Audit of financial reports	-	37,442
Other services	2,000	-
Ernst & Young		
Review of financial reports	40,389	-
Other services	3,539	-
Total	45,928	37,442

Note 6 Revenue

	2010 $	2009 $
Interest income – banking institution	2,905	3,682
	2,905	3,682

Note 7 Income tax expense

	2010 $	**2009 $**
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Losses before tax	(6,972,361)	(880,921)
Tax at the Australian rate of 30%	(2,091,708)	(264,276)
Tax effect of amount which are not deductible (taxable) in calculating taxable income	1,958,832	(13,929)
Tax effect of deferred tax asset not brought to account	132,876	278,205
	-	-

(b) Tax Losses

The company has not booked as a deferred tax asset any tax losses in view of the inherent uncertainty as to whether the company will be able to utilise those in the future.

Note 8 Current assets – Cash and cash equivalents

	2010 $	2009 $
Cash at bank and on hand	119,909	489,042
Balances per statements of cash flow	119,909	489,042

The cash at bank are bearing floating interest rates with a weighted average interest rate for the 12 months ending 31 December 2010 of 0.09% per annum (2009: 0.84%).

Note 9 Current assets – Trade and other receivables

	2010 $	2009 $
Other receivables	2,728	2,272
	2,728	2,272

Note 10 Non-Current assets – Deposits

	2010 $	2009 $
Security deposits on mining tenements	125,000	115,000
	125,000	115,000

Note 11 Non-current assets – Property, plant and equipment

(a) Land	**2010 $**	2009 $
At beginning of period		
Fair value	15,500	15,500
Net book amount	15,500	15,500
Movement in written down value		
Opening net book amount	15,500	15,500
Closing net book amount	15,500	15,500
At end of period		
Fair value	15,500	15,500
Net book amount	15,500	15,500

Note 11 Non-current assets – Property, plant and equipment (continued)

(b) Plant & equipment	**2010** **$**	2009 $
At beginning of period		
Cost	2,091	2,091
Accumulated depreciation	(1,031)	(86)
Net book amount	1,060	2,005
Period ended		
Opening net book amount	1,060	2,005
Depreciation	(961)	(945)
Closing net book amount	99	1,060
At end of period		
Cost	2,091	2,091
Accumulated depreciation	(1,992)	(1,031)
Net book amount	99	1,060
Total property, plant and equipment	15,599	16,560

Note 12 Non-current assets – Exploration and Evaluation Assets

	2010 **$**	2009 $
Exploration expenditure at beginning of period	1,772,734	1,749,577
Expenditure on exploration and evaluation costs	43,177	55,347
Write-off of exploration and evaluation costs	(158,938)	(32,190)
Exploration expenditure at end of period	1,656,973	1,772,734

For the year ended 31 December 2010, accumulated exploration costs at Mt Wheeler and Connors Arch EPM 11134 have been written off to nil. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources,* capitalised costs associated with these exploration activities have been written off to the statement of comprehensive income.

Note 13 Non-current assets – Investments

	2010 **$**	2009 $
Investments in associate	7,417,349	7,542,889
Additional capitalised costs(1)	84,945	945
Equity accounted loss for associate	(305,745)	(126,485)
Impairment	(6,111,984)	-
	1,084,565	7,417,349

The Company owns a 30% interest in Asiatic Coal Pte Limited ("ACPL"). The results of ACPL are equity accounted in the Company's results. The principal asset of the Company is a coal tenement and deposit in Central Kalimantan, Indonesia.

On 18 March 2011, the company finalised the sale of its 30% interest in its associate entity, Asiatic Coal Pte Limited ("ACPL) for USD $1.08million hence, the classification within current assets as held for sale in the current year. The investment is presented within the Indonesia reporting segment. An impairment loss of $6,111,984 was recognised to reduce the carrying amount of the investment to recoverable amount, which is the fair value less costs to sell determined by reference to an active market.

(1) The additional capitalised costs were funded by a loan from MSC. Refer to note 14 and 21.

Note 14 Current liabilities – Trade and other payables

	2010 **$**	2009 $
Trade payables [1]	1,014	-
Accruals [2]	441,520	320,040
Related party loan - refer to note 21 [2]	84,945	743
	527,479	320,783

(1) Trade payables are non-interest bearing and normally settled on 30-60 days term.
(2) Accruals and related party loan are non-interest bearing.

Note 15 Current and Non-current liabilities - Provisions

	2010 **$**	2009 $
(a) Current		
Agreed payments to DMR	-	30,000
Current provisions	-	30,000
(b) Non-current		
Mining restoration	50,000	50,000
Non-current provisions	50,000	50,000

The provision for mining restoration relates to the company's obligation to meet its proportionate share of the costs of rehabilitating the Conors Arch JV tenements.

Note 16 Contributed Equity

	2010 **$**	2009 $
(a) Share capital		
Ordinary shares – fully paid	45,445,398	45,457,916

(b) Movements in share capital

Date	**Issues of ordinary shares during the year**	**Shares**	**Issue price**	**$**
01/01/2010	Opening balance	2,181,078,901		45,457,916
	Issue of shares	-	-	-
	Less: capital raising costs [1]	-		(12,518)
31/12/2010	Total	2,181,078,901		45,445,398

(1) This cost relates to late fees incurred in the current financial year attributable to the share capital issued November 2009.

(c) Ordinary shares

All shares currently on issue are fully paid up. Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up if the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

Information relating to options currently on issue can be found in the Director’s Report.

(e) Capital Management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern.
The Company’s debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.There are no externally imposed capital requirements.

Note 16 Contributed Equity (continued)

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

Note 17 Reserves

	2010 $	2009 $
Reserves - Share based payments	177,850	177,850
Balance at 31 December 2010	177,850	177,850

The share based reserve is used to record the value of the share based payments provided to directors, including KMP, as part of their remuneration.

Note 18 Accumulated losses

	2010 $	2009 $
Balance at 1 January 2010	(36,223,592)	(35,342,671)
Net loss for the year	(6,972,361)	(880,921)
Balance at 31 December 2010	(43,195,953)	(36,223,592)

Note 19 Key Management personnel disclosures

(a) Directors

The following persons were directors of AOM during the financial year:

• P J D Elliott	Non-executive Chairman
• Chan Kim Fan	Executive Director
• Dato' Seri Dr Mohd Ajib Anuar	Non-executive Director
• Norman Ip Ka Cheung	Non-executive Director
• Choo Mun Keong	Non-executive Director
• G Andrews	Non-executive Director
• A Bursill	Non-executive Director (appointed on the 18 June 2010) and Company Secretary

Information in relation to emoluments received by the Directors is contained within the Remuneration Report.

(b) Other key management personnel

Franks & Associates Pty Ltd

A W Bursill, Company Secretary, is also an associate of Franks & Associates Pty Ltd who provides accounting and company secretary services to AOM. The contract between AOM and Franks & Associates is based on normal commercial terms.

	2010 12 months $	2009 12 months $
Amounts recognised as expense		
Company secretarial and accounting	89,708	97,359
Total	89,708	97,359

Note 20 Exploration commitments & contingent liabilities

In order to maintain the exploration, prospecting and mining tenements the companies are committed to meeting conditions under which permits were granted and also meeting commitments under the option agreements entered into by the Company.

Region	Total potential commitment (2)
Queensland (1)	$1,827,000
New South Wales	$161,500

(1) All expenditure obligations on granted tenements in Queensland are being met by joint venture parties. As a result, AOM's interest in these joint ventures is diluting.
(2) $500,000 of these commitments are subject to permits renewals and are estimated after renewals.

Note 21 Related party transactions

The names of each person holding the office of Director of Australia Oriental Minerals NL during the financial year were:

- P J D Elliott — Non-executive Chairman
- Chan Kim Fan — Executive Director
- Dato' Seri Dr Mohd Ajib Anuar — Non-executive Director
- Norman Ip Ka Cheung — Non-executive Director
- Choo Mun Keong — Non-executive Director
- G Andrews — Non-executive Director
- A Bursill — Non-executive Director (appointed on the 18 June 2010)

The Directors did not have the benefits of a Directors and Officers liability insurance policy for the period covered. During the year, the Company entered into the following transactions with related parties:

Malaysia Smelting Corporation Berhad ("MSC")
MSC is the parent entity of the company. On 9 September MSC advanced the company $84,945 (interest free) in relation to the sale of the associate interest in ACPL. This amount is repayable on demand and is expected to be repaid in the following financial year.

Straits Resources Management Pty Limited ("SRM")
SRM is a wholly owned subsidiary of Straits Trading Company Limited, a major shareholder of AOM. During the year ended 31 December 2007, AOM and SRM entered an agreement for the provision of management and technical services by SRM. This agreement was not renewed during the 2010 financial year. The principle terms of the agreement are as follows:

Original Agreement

- Term of original agreement: 1 July 2007 to 30 June 2008 with extension by mutual agreement
- Remuneration: retainer of $10,000 per month plus additional charges at $400 to $600 per day depending on seniority of staff

Renewals

- Term of agreement: 1 July 2008 to 30 June 2009 with extension by mutual agreement
- Remuneration: retainer of $11,000 per month plus additional charges at $400 to $600 per day depending on seniority of staff
- Term of agreement: 1 July 2009 to 30 June 2010 with extension by mutual agreement
- Remuneration: retainer of $3,000 per month plus additional charges at $400 to $600 per day depending on seniority of staff

During the year consulting fees and reimbursement of expenses were paid to Straits Resources Management totalling $18,129 (2009: $102,624) being provision for management and technical services. SRM was acquired by MSC on 11 August 2010 and is now a wholly owned subsidiary of MSC.

Franks and Associates Pty Ltd
Franks and Associates Pty Ltd provides accounting and company secretarial services to AOM. Refer to note 19(b) for further details.

Note 22 Reconciliation of loss after income tax to net cash inflow from operating activities

	2010 $	2009 $
Loss for the year	6,972,361	880,921
Non-cash flows in operating profit:		
- Depreciation	961	1,031
- Impairment loss	6,111,984	-
- Exploration costs written off	158,938	32,191
- Interest on MSC loan converted to equity	-	272,652
- Exploration costs expensed in profit and loss	-	805
- Equity accounted loss for associates	305,745	126,485
Changes in assets and liabilities:		
- Decrease/(increase) in trade debtors and other receivables	(458)	2,520
- Increase in trade creditors and accruals (net of provisions)	120,483	102,539
Cash outflow incurred by operations	(274,708)	(342,698)

Note 23 Controlled entity

	Country of Incorporation	**Percentage Owned 2010**	2009
Parent Entity: Australia Oriental Minerals NL	Australia		
Controlled entity of Australia Oriental Minerals NL			
- Telminex NL	Australia	-	100%

Teleminex NL, the former wholly owned subsidiary of Australia Oriental Minerals N.L was deregistered on 6 September 2010. There were no operations in this entity for the period up to the date on which it was deregistered.

Note 24 Loss per share

(a) Basic Loss per share

	2010 Cents	2009 Cents
Loss from continuing operations attributable to the ordinary equity holders of the Company	0.32	0.07

(b) Diluted loss per share

Options issued to shareholders and related parties are considered to be potential ordinary shares and have been considered in the determination of diluted earnings per share. Given the options are anti-dilutive, that is, they would not result in the issue of ordinary shares for less than the average market price of ordinary shares during the period, diluted loss per share is not different from basic loss per share. Details relating to the options are set out in the Director's Report.

Note 24 Loss per share (continued)

(c) Reconciliations of loss used in calculating earnings per share

	2010	2009
	$	$
Basic loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	6,972,361	880,921

(d) Weighted average number of shares used as the denominator

	2010	2009
	Number	Number
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	2,181,078,901	1,291,793,869

Note 25 Share-based payments

2010								
Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
28/11/2008	31/12/2013	0.03	43,000,000	-	-	-	43,000,000	43,000,000
Balance at 31 December 2010			43,000,000	-	-	-	43,000,000	43,000,000

2009								
Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
28/11/2008	31/12/2013	0.03	43,000,000	-	-	-	43,000,000	43,000,000
Balance at 31 December 2009			43,000,000	-	-	-	43,000,000	43,000,000

Note 25 Share-based payments (continued)

	No. Options Exercise price $0.03 Expiry 31 Dec 2013	Value ($)
Directors		
Chan Kim Fan (Executive Director)	10,000,000	27,000
P J D Elliott (Chairman)	5,000,000	13,500
Choo Mun Keong (Non-executive Director)	5,000,000	13,500
Dato' Seri Dr Mohd Ajib Anuar (Non-executive Director)	5,000,000	13,500
Norman Ip Ka Cheung (Non-executive Director)*	5,000,000	13,500
J A Walls (Non-executive Director)	5,000,000	13,500
Other key management personnel		
Andrew Bursill (Company Secretary)	8,000,000	21,600
Total	43,000,000	116,100

- The 5,000,000 options for Mr. Norman Ip Ka Cheung, were granted to The Straits Trading Company Limited ("STC"), a company listed on the Singapore Exchange Securities Trading Limited, and parent company of AOM.

Note 26 Subsequent events

On 18 March 2011, the company finalised the sale of its 30% interest in its associate entity, Asiatic Coal Pte Limited ("ACPL) for USD $1.08million.

The major shareholder of the company,MSC and its parent company, STC, have advised of their plans to sell their entire shareholding in the company in the light of MSC's decision to divest its non-tin investments and assets and focus on its core tin business.

Except for the above, no other matters or circumstances have arisen since 31 December 2010 that significantly affected or may significantly affect:

(a) the entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the entity's state of affairs in future financial years.

Australia Oriental Minerals NL
Directors' declaration

The directors of the company declare that:

1. in the directors' opinion, the financial statements and accompanying notes are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and

   (b) give a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the year ended on that date;

2. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

3. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

4. the directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporation Act 2001

This declaration is made in accordance with a resolution of the Directors:

Chan Kim Fan
Executive Director

29 March 2011

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Independent auditor's report to the members of Australia Oriental Minerals NL

Report on the financial report

We have audited the accompanying financial report of Australia Oriental Minerals NL, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Australia Oriental Minerals NL is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 9 to 11 of the directors' report for the year ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Australia Oriental Minerals NL for the year ended 31 December 2010 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

M Elliott

Mike Elliott
Partner
Sydney
29 March 2011

SECURITIES INFORMATION
as at 31 March 2011

a) Distribution of Shareholders

Holdings Ranges	Holders	Total Units	%
1-1,000	529	187,269	0.009
1,001-5,000	447	1,197,463	0.055
5,001-10,000	191	1,472,810	0.068
10,001-100,000	408	15,029,378	0.688
100,001-9,999,999,999	246	2,163,191,981	99.180
Totals	**1,821**	**2,181,078,901**	**100.000**

b) The number of shareholders with less than a marketable parcel as at 31 March 2011 is 1,630.

c) Substantial shareholders

There were no substantial shareholder notices lodged with the Company.

d) The shareholding of the 20 largest ordinary shareholders is 2,040,823,438 shares, representing 93.57% of issued shares.

Name	Number of ordinary shares held	%
MALAYSIA SMELTING CORPORATION BERHAD*	1,469,084,256	67.356
MALAYSIA SMELTING CORPORATION BHD*	208,461,205	9.558
THE STRAITS TRADING COMPANY LIMITED*	114,377,499	5.244
GOLDEN SUCCESS NETWORK SDN BHD	94,493,393	4.332
MR ABDUL MALIK ABDUL KADIR	39,999,999	1.834
BESTFIELD COMPANY	16,999,998	0.779
MR ALAN VICTOR DOUBELL	15,000,000	0.688
AJAVA HOLDINGS PTY LTD	13,333,332	0.611
MR DE MIN ZHANG	13,040,327	0.598
CLAPSY PTY LTD <BARON SUPER FUND A/C>	8,000,001	0.367
MRS DENISE MARGARET DE AMBROSIS	6,360,000	0.292
KANGSAV PTY LIMITED	5,299,435	0.243
MS SARAH JANE LOUISE FRANKS & BJ RETAIL PTY LTD <BFD PARTNERSHIP A/C>	5,000,000	0.229
MR MARK ANDREW TKOCZ	5,000,000	0.229
LOWMAN HOLDINGS PTY LTD <LAMPLOWMAN FAMILY A/C>	4,883,400	0.224
BUXBAS PTY LIMITED	4,867,716	0.223
MRS SHELLEY ANN TERRANOVA	4,622,875	0.212
GLENCORA PTY LTD <PHILLIP UNIT A/C>	4,500,000	0.206
MS LESLEY IRENE FISHER	4,000,002	0.183
MR MICHAEL KYRIAKOPOULOS & MRS SOPHIE KYRIAKOPOULOS <MISOP SUPER FUND A/C>	3,500,000	0.160
Top 20 Sub Total	2,040,823,438	93.569

* substantial shareholders

SECURITIES INFORMATION
as at 31 March 2011

e) Options and convertible note holders

All Options on issue as at 31 December 2010 are unlisted.

Options

Name	December 2013 Options [(1)] Number of ordinary shares held	%
Chan Kim Fan	10,000,000	23.25%
P J D Elliot	5,000,000	11.63%
Choo Mun Keong	5,000,000	11.63%
Dato' Seri Dr Mohd Ajib Anuar	5,000,000	11.63%
Norman Ip Ka Cheung	5,000,000	11.63%
J A Walls	5,000,000	11.63%
Andrew Bursill	8,000,000	18.60%
Total	**43,000,000**	**100.00%**

(1) Options to acquire 1 ordinary share before 31 December 2013 at price of $0.03 each.

TENEMENTS INFORMATION

Tenement number	Current Area (sub-blocks / units)*	Remarks
Queensland		
EPM 10006	35	Mt Mackenzie JV: AOM:40%, SMA 60%
EPM 12546	8	Mt Mackenzie JV: AOM:40%, SMA 60%
EPM 17515	65	Mt Mackenzie West JV: AOM:40%, SMA:60%
EPM 11134	17	Connors Arch JV: AOM 45.92%, SMA 54.08%
EPM 12361	2	Connors Arch JV: AOM 45.92%, SMA 54.08%
EPM 14500	87	Marlborough Fault JV: AOM 100% (SMA earning 51%)
EPM 14501	110	Marlborough Fault JV: AOM 100% (SMA earning 51%)
EPM 14502	99	Marlborough Fault JV: AOM 100% (SMA earning 51%)
New South Wales		
EL 6384	6	Emmaville
EL 6431	7	Emmaville
EL 6389	9	Emmaville (JV: AOM 30%; YTC 70% - earning 80%)
EL 7541	13	Emmaville
EL 6269	19	Kiawarra (Joint Venture with SVL)

* 1 unit (NSW) = 1 sub-block (Qld.) = 1' latitude x 1' longitude = approx. 3 sq. km.

SMA - SmartTrans Holdings Limited, YTC - YTC Resources Limited,
SVL – Silver Mines Limited

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