Our way

Growth and Recovery

Ferroalloys & Manganese

essential to steel

ANNUAL REPORT

2010

MINERA AUTLAN®

Molango Unit

Sierra Madre Oriental

Contents

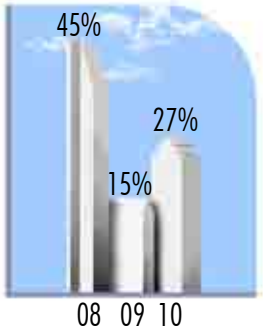
Salient Features

(millions of constant pesos as of December 2010)

Results	2008	2009	2010
net sales	5,373.9	2,200.4	4,322.8
gross earnings	2,676.8	568.4	1,504.6
operating income	2,268.1	209.8	983.7
operating margin	42%	10%	23%
net revenue/loss	683.1	-106.9	513.9
net margin	13%	-5%	12%
EBITDA (operating income + depreciation and amortizacion)	2,423.3	327.0	1,164.4
EBITDA margin	45%	15%	27%
Balance			
current assets	2,204.4	1,269.6	1,564.8
total assets	4,831.5	3,945.8	4,579.2
debt with cost	431.8	541.1	503.6
net debt	-502.9	286.5	0.7
total liabilities	2,117.8	1,447.3	1,572.2
stockholders' equity	2,708.6	2,498.6	3,007.1
Financial Ratios			
EBITDA/net interests (times)	35.6	5.7	12.0
debt with cost/EBITDA (times)	0.2	1.7	0.4

Net Sales

EBITDA Margin



Total Assets

Gómez Palacio Plant

Autlán's Family

Message from the Chairman

"...it has been one of the most successful times for the company, with incomes exceeding our forecast and an outstanding operative performance"

Two thousand ten was particularly important for Minera Autlan mainly because of three critical factors:

1. The company was able to revert the effects of the global economic crisis in 2009, and recovered remarkably with very positive financial and operative outcomes.
2. Aware of our commitment to nature and society, we were recognized as a CSR (Corporate Socially Responsibility) member, and were awarded the ISO 9001-2008 and ISO 14001-2004 certifications.
3. Concerned about the future, we are prepared to do our best to grow and consolidate our profitability.

These three elements exerted significant influence on the company and set an authentic difference from the past, paving a solid and promising path for the future.

We started 2010 with a hopeful attitude, keeping in mind the lessons learnt throughout the intense crisis faced in 2009.

In the annual 2009 report, I ended my message stating that 2010 should be a better year. Fortunately I was right and I am proud to say that it has been one of the most successful times for the company, with incomes exceeding our forecast and an outstanding operative performance.

It is important to point out that the global economic panorama and the discipline of the company contributed to achieve these results, promoting a combined effect that was appropriately leveraged.

In 2010, the economic outlook recorded a more favorable dynamism, supported by the incentives that several countries implemented in their economies. This situation permeated the steel and manganese industries worldwide, strengthening both demand and prices.

The first semester of the year was especially sensitive to the economic recovery, because international spot prices of manganese ore and ferroalloys experienced a steady boost. The demand of both products was consolidated by the robust recovery of global

Gómez Palacio Plant
Controls from the operation room

crude steel production, in the face of a manganese supply cautiously restrained. Although the prices did not report the record levels of 2008, the recovery was clearly appreciable.

The second half of 2010 was characterized by a more difficult third quarter, affected at a great extent by the tipical seasonality of this period, and by a weaker than expected demand of steel products. In view of this situation, steelworks lowered their production, which led to a chain reaction both for manganese ore as well as for ferroalloys. Nevertheless, price contractions were not very critical and were compensated by the end of the year with a favorable turn in terms of demand and supply.

Regardless of the economic outlook, Minera Autlán strived unsparingly to optimize its processes and to maximize the results reported as a consequence of better economic conditions in 2010.

Necessary investments were made both in the mining division as well as in the ferroalloys division to maintain and promote the growth of the company.

On the other hand, production plans were exceeded to a large extent, and our sales almost doubled those of 2009, achieving the second highest level in the history of the company. In terms of flow and net income, we were also able to achieve the best results in the history of the company, excluding the boom of 2008, reverting completely the net loss recorded in 2009.

I am truly honored to present this performance that evidences the level of development reached by the company and our timely response after the crisis experienced in 2009.

Tamós Plant
Ferromanganese casting

"I am truly honored to present this performance that evidences the level of development reached by the company and our timely response after the crisis experienced in 2009"

Tamós Plant
Ferroalloys ton-sack

With respect to the second critical factor I referred to at the beginning of this message, I would like to remind you that in our last year report I stated that "…beyond any economic crisis, our commitment to society and nature is a priority in all our operations". In that sense, I am pleased to ratify my words.

In 2010, Minera Autlán was recognized as a CSR member after evidencing its genuine concern about society and the environment. Because of that, I hereby congratulate the management of the company on the assertiveness displayed to achieve this objective. Moreover, we were granted the ISO 9001-2008 and ISO 14001-2004 certifications, through which the company ratified quality and environmental protection as its main priorities.

Additionally, we participated in the sponsorship of the book 'Mexico: Biodiversity and Endangered Species' ("Riqueza Natural Mexicana y sus Especies en Riesgo") to lay emphasis on our concern and activities in aid of the preservation of the Mexican flora and fauna. I would like to point out that we continue to work arduously to prevent the extermination of the Golden Eagle, several cactaceae species and other animals in danger of extinction.

Regarding the third factor I mentioned previously, that is, -the future growth of Minera Autlan-, we have not lowered our guard and are aiming our attention and resources at strengthening and consolidating the company even further in several aspects.

Our strategy is based on three main aspects: Merges & Acquisitions; Growth and Profitability Projects; and Sustainable Development Projects.

With respect to Merges & Acquisitions, we have analyzed several options in different metals and geographies. These projects report different progress stages and we expect to complete them in 2011.

With regard to Growth and Profitability Projects, the company has a portfolio of important initiatives where we have allocated significant resources, both in terms of mining and ferroalloys. This will result in a more competitive position for the company in the near future with a wider range of products and substantial improvements in our current processes. The level of progress of these projects varies and we expect to complete some of them in 2011.

Sustainable Development Projects represent investments in fixed assets required to continue operating within our area of interest in the protection of the environment.

Additionally, I would like to stress the performance of our sister company, Compañía de Energía Mexicana, which is expected to start the operation of the hydroelectric plant, located in the State of Puebla, in the first semester of 2011. Throughout 2010 we moved forward significantly in terms of civil and electric works as well as in the construction of tunnels and in the erection of piping and electromechanical equipment. This investment will lead to very positive results in the ferroalloy costs of Minera Autlan, where power is one of the most intensive inputs.

On the other hand, we continue to operate the Sterra hotel-spa located near Molango's Mining Unit and we are still working to make a decision on the ceramic project.

Finally, I would like to share with you that our forecasts for 2011, suggest that the trends of the company for the up-

coming year will be similar to those in 2010. I would also like to acknowledge the efforts of the entire personnel of Minera Autlán in 2010 and to ratify the permanent commitment of the company to our society and the environment.

José Antonio Rivero
Chairman of the Board of Directors and the Executive Committee
April, 2011

Message from the Chief Executive Officer

"Beyond the income generation, production, sales and financial reporting, one of the highest priorities of Minera Autlan is our commitment to nature and society"

Teziutlán Plant
Silicomanganese

I am proud to say that in 2010, Minera Autlán reported very concrete positive results.

The operations of the company were performed in a very orderly manner, anticipating the economic trends, which allowed us to maximize the upturn of the market reported in the first semester of the year while easing up the drop of the second semester. This blend led to our exceptional outcomes for the entire year.

Crude steel production in Mexico reported a very sensitive recovery throughout the year, particularly in the first half. In the second semester of 2010, the volumes produced as of June were adjusted due to an overall excess supply worldwide. However, after this backward movement, Mexican steelmakers reported a steady growth in the remaining period, ending the year with a 18% yoy growth.

The above had a positive impact on Minera Autlán and allowed us to concentrate on the supply of manganese ferroalloys in Mexico as our main market. Likewise, the conditions of other markets serviced by the company improved, contributing even further to our positive outcomes in 2010.

As a result of the above, our three ferroalloy plants operated at full capacity, achieving the highest production volume in the entire history of the company, with no accident records in Gómez Palacio and Teziutlán. Regarding the mining division, the production plans of manganese nodules in Molango, and manganese derivatives in Nonoalco were exceeded, surpassing those reached in 2009 and achieving the highest volumes of the last years.

Moreover, we were able to exceed our sales income with respect to 2009 and to reach the second highest level of sales in the entire history of the company.

Our market share in Mexico was strengthened outstandingly in spite of the unfair competition of some countries. In this sense, I would like to point out that the Ministry of Economy decided to extend the anti-dumping duties against the Ukrainian SiMn and the Chinese FeMn AC until 2013, as a result of a careful analysis submitted by our company to the qualified authorities from 2008 up to 2010. With this resolution, I hereby notify that Minera Autlán will continue striving for a healthy and fair competition in Mexico, and will continue speaking out against any cases of dumping.

In addition to servicing the domestic ferroalloys market, the company maintained its commercial presence beyond our borders, with exports of manganese nodules to China, ferroalloys to the United States, Europe and South America, and finally with sales of manganese derivatives to almost all the continents.

In order to safeguard the finances of Minera Autlán, the

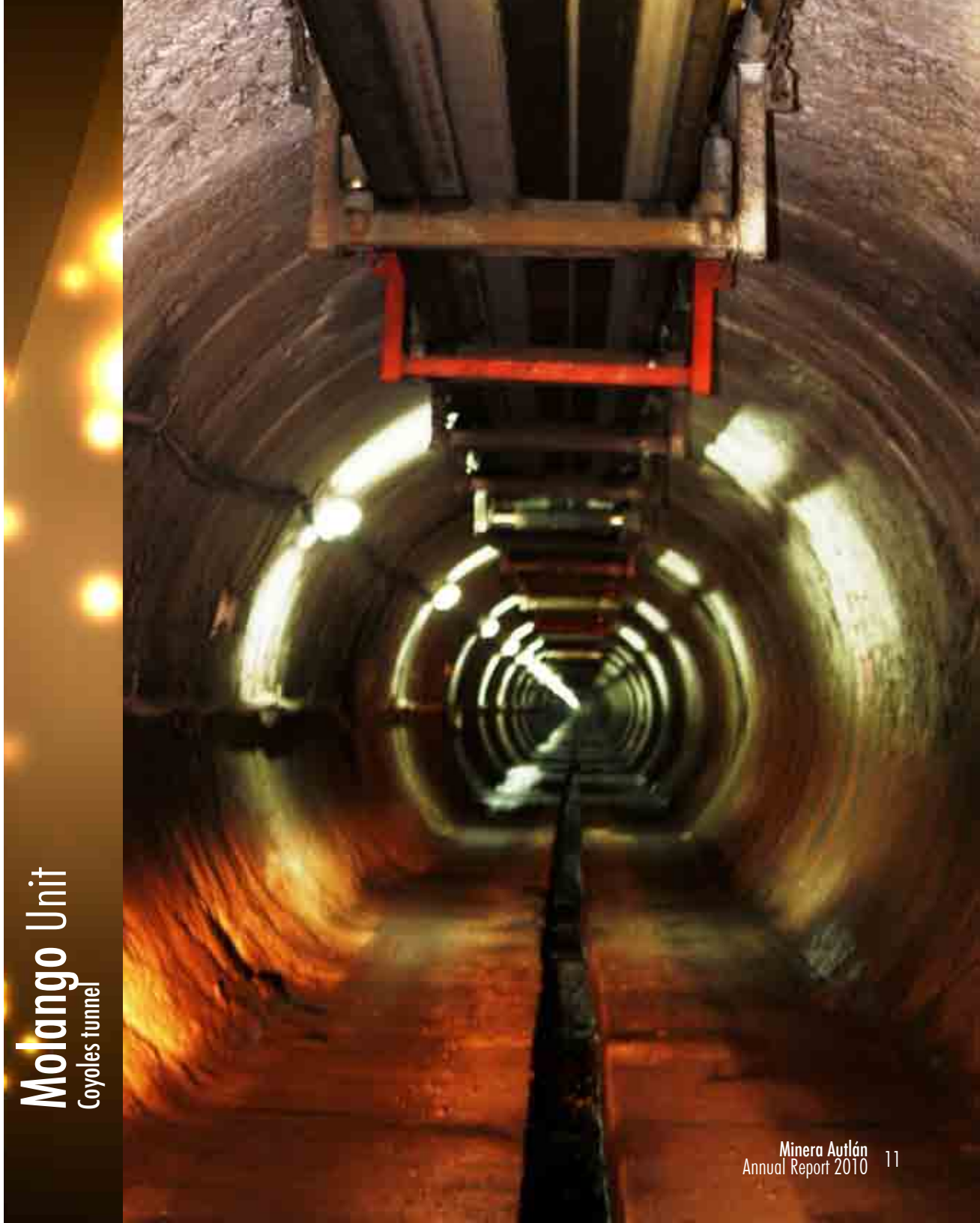
company examined closely all the costs, expenditures and financial strategies in order to maximize our profit margins. Along these lines, I am pleased to report that the Operating Income almost doubled the figure budgeted and exceeded in 369% the figure of 2009. EBITDA exceeded our plan and the figure of the previous year in 72% and 256%, respectively. Net Loss of 2009 was reversed with a Net Income of 514 million pesos, 187% higher than expected.

These very laudable results are the result of the unbeatable effort of the entire team of Minera Autlán.

On the other hand, our financial information was also revised throughout 2010, in order to begin the preparation of our reports under the IFRS (International Financial Reporting Standards) as outlined by the National Banking and Securities Commission for publicly traded companies in the Mexican Stock Exchange. To that effect, after analyzing multiple options thoroughly, Minera Autlán decided to update its current ERP to the latest version. We have started the process towards the new information platform and we expect to complete it in the middle of 2011.

However, beyond the income generation, production, sales and financial reporting, one of the highest priorities of Minera Autlán is our commitment to nature and society. And this commitment is permanent regardless of critical or prosperous times.

Consistent with this principle, since 2009 we have implemented the necessary procedures to obtain the recognition as a CRS (Corporate Social Responsibility) member. This assignment took several months, but once our actions and commitment were evidenced, the Mexican Center for Philan-



Molango Unit
Coyoles tunnel

thropy granted our company such recognition in March 2010, which will be renewed every year with our attitude and concrete facts in aid of the environment, the community, business ethics, and quality of life of our company.

In addition, we obtained the ISO 9001-2008 re-certification and ISO 14001-2004 certification for the entire company, implementing a policy and integral objectives that include the quality and protection of our social setting and environment.

We also participated with a presentation in the 16th edition of Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 16), as part of our sponsorship of the book "Mexico: Biodiversity and Endangered Species" ("Riqueza Natural Mexicana y sus Especies en Riesgo"), which outlines the actions of the company to protect the flora and fauna in danger of extinction.

On the other hand, the exposure of Minera Autlán in several forums of the manganese and steel industries was a recurrent activity during 2010, allowing a solid positioning of our company's name. Some of the most important activities I would like to mention are: the sponsorship of the company at the Annual Assembly and the Banquet of the Marketing Committee of the International Manganese Institute, in Paris and in Shanghai respectively; the presentation of Minera Autlán at the VII International Ferroalloys Congress in China; the booth and presentation of the company at the IV Congress and Exhibition of the Steel Industry (AIST) in Monterrey; the booth at the Business Meeting of the Mexican Confederation of Business Owners COPARMEX in Morelia; and several exhibitions in forums of the Mexican Steel Association (CANACERO).

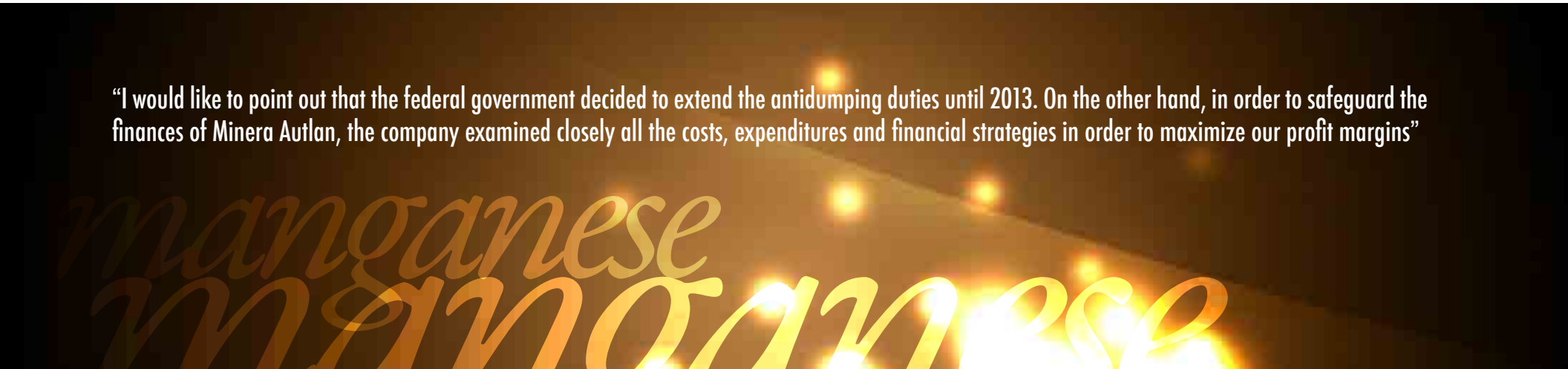
All the activities we performed in 2010 were aimed at consolidating and promoting the growth of the company. We invested in maintenance and several expansion projects on an ongoing basis, which successful outcomes will be evident in the near future.

Based on our economic expectations for the current year, I believe that 2011 will be challenging, however I am sure that the company will report a similar trend to that of 2010.

I am sure that with the support of the entire personnel of Minera Autlán, the company will obtain even more solid and promising results in 2011.

José H. Madero
CEO
April, 2011

"I would like to point out that the federal government decided to extend the antidumping duties until 2013. On the other hand, in order to safeguard the finances of Minera Autlan, the company examined closely all the costs, expenditures and financial strategies in order to maximize our profit margins"



Total commitment

Economic Outlook

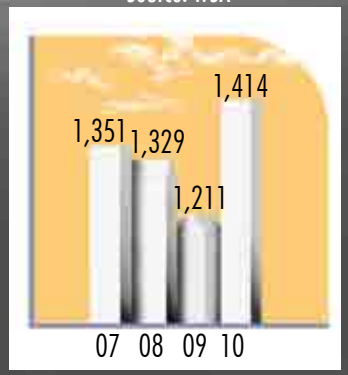
Gómez Palacio Plant
Silicomanganese production

World crude steel production recorded a robust recovery in 2010, after the crisis that affected the industry in 2009. By the closing of the year, the production volume reported a 17% yoy increase accumulating a total of 1,414 million tons. This figure represents an all-time record high.

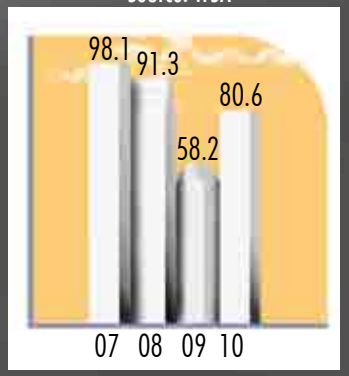
China was still the biggest steel producer in the world with a volume equivalent to 44% of the global production and a 9% annual growth. The European Union reported a 25% recovery, while the United States reported a 39% recovery due to the dramatic drop of 2009. In spite of this pace, none of these two regions was able to produce the tonnage reported in 2008.

Throughout the year, the global production reported a steady increase during the first five months of the year. Afterwards, the demand of the steel sector was lower than expected and the sector was forced to stop its production to prevent an excess of supply. During the third quarter

World Steel Production
million metric tons
Source: WSA



Steel Production in the United States of America
million metric tons
Source: WSA

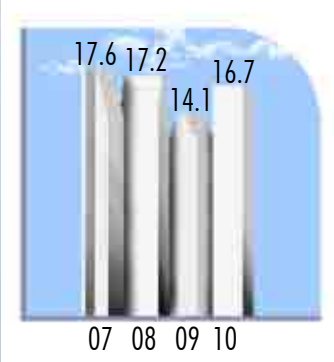


of the year, the industry faced the typical seasonal deceleration, which emphasized the decrease even further. However, this drop was much lower than the one experienced in the crisis of 2009 and the activities reactivated in the last quarter of the year with higher production and better prices.

In Mexico, production increased 18% with a volume of 16.7 million tons, lower than the historic record of 17.6 million tons recorded in 2007.

The above resulted in a direct impact on the global manganese industry. In the case of manganese ore, the prices were based on the negotiations of the main Australia supplier and the Chinese market, on a monthly basis. Throughout the year, contract quotation increased gradually, from US$6.50/utm in January up to US$8.70/utm in August, where they reached their highest level.

Steel Production in Mexico
million metric tons
Source: CANACERO



Then, prices were adjusted once more to reach US$6.50 again in December.

The excessive accumulation of inventories in the Chinese market prompted a decline of prices by the end of the year. Nevertheless, these tags remained at a relatively high level compared to previous levels, except for the 2008 boom.

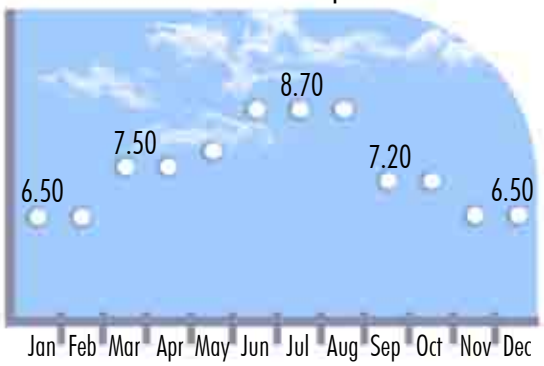
With respect to the global manganese ferroalloy market, the deficit in the supply/demand ratio remained steady along the year, particularly in

terms of silicomanganese, which is the ferroalloy that reported the highest consumption globally.

Manganese Ore Contract Prices in China 2010

US$/mtu CIF Mn Ore 44%

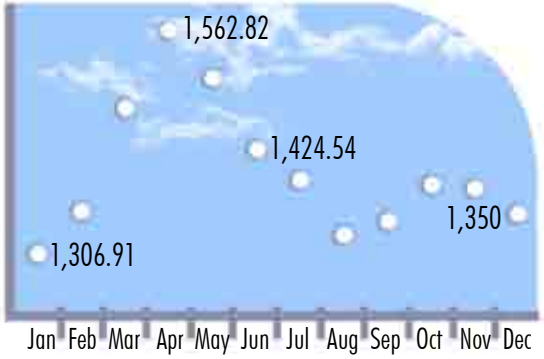
Source: The TEX Report



Silicomanganese Spot Prices in USA 2010

US$/mt

Source: Ryan's Notes



Spot prices in the United States recovered considerably from the drops experienced in 2009. The trend of HC FeMn, RF FeMn and SiMn was very similar throughout 2010, reaching its highest price in April and then facing a slight adjustment during the following months.

Gómez Palacio Plant

Facilities

Mining Division

Molango Unit

Two thousand ten was a challenging year for our Molango Mining Unit, yet it was also a year of outstanding results. The production of our primary finished product, manganese nodules played a significant role because it recovered dramatically along the year, achieving the highest level reported in the last 12 years as a result of a higher than expected demand. The difference between consumption and production was compensated by decreased inventories with the resulting costs benefit.

It is also important to mention that the company met 98% of the manganese carbonates production programmed.

At the underground mine, with a 449 meters cut, Mantos Angostos Ramp was communicated from the 735 level to the 810 level, providing an alternate emergency exit, as well as more flexibility for the supervision of contractors, and a better use of explosives inside the Mine, without jeopardizing the operations.

The production of manganese nodules recorded its highest level in more than a Decade

Molango Unit

Bulldozer lifting manganese ore

manganese

This year, with the diamond drilling exploration from the surface, we are consolidating the project for increasing our reserves. The drilling of mineral deposits close to current operative areas, such as Mantos Angostos North and the South of Tetzintla are playing an important role in this project, where a significant number of diamond-drilled holes were reported achieving important progress in these sectors.

In 2010, the regional prospection project by carbonates and manganese oxides in the periphery of the district was followed up to cover a bigger surface; with requests for new mining concessions and proposing two important areas for concession.

The company established the bases to perform an intense and extensive regional exploration program with the University of Guanajuato. This will help the company to lower times and will add value to the project with the prestige of the institution and the experience of its professors.

Nonoalco Unit

During 2010, geological developments and projects were consolidated to guarantee the sustainability of Nonoalco Unit operations, as well as the permanence of our products in the highly competitive current markets.

For the third year in a row, the production and sales of manganous oxide, one of our main products, remained steady within positive levels evidencing our full control in the manufacturing processes of this product.

In terms of battery grade manganese dioxide, the demand exceeded the expectations for 2010.

For the exploration department, 2010 was the best of the last 10 years. Because of the increased number of meters drilled we found very interesting high grade mineral bodies, which will guarantee the supply of manganese ore for the operations of the Nonoalco Unit. In addition, we have important exploration projects that will assure the supply for the operations of the Plant.

The quality control area experienced a complete transformation in terms of infrastructure. The sampling and laboratory areas were totally refurbished, and we purchased a new atomic absorption equipment to determine heavy elements.

Responsibility

Ferroalloy Division

The Production of Ferroalloys at Minera Autlán hit an all time high

In virtue of the economic outlook and commercial negotiations, in 2010 we were able to reach the highest production level in the history of the company, exceeding our record year in 2008.

Tamós Plant

The Tamós Plant worked intensely throughout the year, exceeding the production plans outlined with an efficient and steady operation.

In terms of safety, the operation of the gas analyzer in Furnace 10 was started, protective coverings were installed for the electrode of Furnace 9, and oil collection dams were installed in power transformers in the main substation, as well as forced ventilation in the casting molds in Furnaces 12 and 13.

On the other hand, high Mn content sinter with a better Mn/Fe ratio was produced, running tests simultaneously to lower the amount of nitrogen in LC FeMn.

Likewise, we purchased 34 hectares as a territorial reserve of the plant and installed a roofed and paved 1,200 m^2 industrial shed to store SiMn.

Teziutlán Plant

The Teziutlán Plant in Puebla reported 301 days with no accidents due to a reinforced industrial safety and hygiene system at the workplace.

The production was maximized eliminating slag reprocessing due to the use of 100% nodule mixtures.

Organization

In terms of investments, an industrial shed was built to eliminate moist in our finished products. Likewise, 2,000 m^2 of concrete yard were paved. Lighting of the yards was completed and several pieces of equipment for automation, controls and protection were purchased.

Gómez Palacio Plant

The Gómez Palacio Plant recorded 301 days with no accidents, reporting a historical record, which was celebrated with an event to recognize the personnel involved.

Production volumes were 100% met, supported by the Kwh/Ton electric efficiency, percentage of operation time of each furnace and electric power. On the other hand, operation of the second deep well was started in August.

The Teziutlán and Gómez Palacio Plants achieved historical progress in terms of Accidents Prevention as a result of the Reinforced System of Industrial Safety

Gómez Palacio Plant
Facilities

Teziutlán Plant
Surroundings

Commercial Activities

Ferroalloys

The sales of ferroalloys of Minera Autlán in 2010 were very positive, particularly in the second quarter due to a stronger steel production.

Our market share in the domestic market recovered, allowing full capacity production of the 3 plants. On the other hand, our commercial presence in the United States, Europe and South America was maintained while we were able to consolidate new markets in Turkey, Italy, Uruguay, Brazil and Venezuela.

Metallurgic Manganese Ore

Throughout 2010, Mining sales improved due to higher exports of manganese nodules to China, contributing to a margin increase in our mining division.

Manganese Derivatives

The consumption of natural battery grade manganese dioxide reported a very good recovery because of a higher production of ecological batteries. The electrolitic zinc sector production is another industrial area that uses battery grade, which meant an important consumption increase.

Likewise, the company increased the sales volume of ceramic grade manganese dioxide.

Regarding the industry of balanced cattle food, the sales of manganous oxide were affected by the Euro crisis. To compensate this situation, the sales in the Americas and Asia were diversified in countries with higher profitability chances and lower commercial risk.

In 2010, the Company Reported a Strong Market Share in the Domestic Market and Bigger Presence in Several Countries

Marketing

Marketing efforts were aimed at different activities throughout the year, some of these activities are:

Since 2008, the Official Gazette of the Federation (OGF) published two notifications reporting the sunset revision for the anti-dumping duties against the SiMn from Ukraine and HC FeMn from China enforced since 2003, most of the efforts of this department in the last years were aimed at the development of the resolution of these examinations, and to address the requests of information from the Ministry of Economy (ME).

Finally, on February 8, 2010 the Ministry of Economy published in the OGF the results of such examination. The final resolution was to maintain the fees on Ukrainian silicomanganese 5 additional years as of September 2008, at a 16.59% level. Likewise, the ME decided to apply this measure to imports of high-carbon ferromanganese coming from China, with a 21% anti-dumping duty.

The duties determined by the authority help prevent the damage that prices of these countries could cause in the market, at least up to 2013 as outlined in the resolutions.

With respect to the commercial area with our clients, the company has updated the brochures aimed at the promotion of the company. Some examples of the above are a change of our image in corporate presentations and brochures. We have also worked in the renovation of videos about the company in general, and per operative unit.

Regarding advertising outside the company, intense activity was reported in 2010. The main focus of company advertising was the "green" concept, that is, the company was conferred an environmental and social responsibility perspective, reflected in its graphic advertising as well as in reports or articles in national specialized supplements. The above, supported by the sustainability efforts of Minera Autlan, and widely recognized through the CSR (Corporate Social Responsibility) certification.

Also in terms of promotional activities but in other scenarios, Minera Autlán maintained its participation in different forums with discussion panels regarding the manganese and ferroalloys industry. In Mexico, the company participated with a presentation about the market in the National Steel Congress (CONAC for its initials in Spanish) organized by the AIST (Association for Iron and Steel Technology, chapter Mexico) where the company included a promotional booth.

Globally, the company participated with a presentation at a conference about the industry organized by the prestigious firm ferro-alloys.com based in China, the country with the biggest manganese and ferroalloys market.

Minera Autlán has been also concerned about sharing the theoretical and practical knowledge of the mining-metallurgic sector with people in the academic sector. To that effect, during 2010 the company showed strong presence in several higher education institutions through seminaries and courses aimed primarily at students, with the clear objective

Minera Autlán
2010 advertisement

to spread the passion of the tasks performed in this industry.

In terms of our relationships with the clients, Minera Autlán believes in the importance of inviting steelmakers to visit its facilities on an ongoing basis to become aware of the great efforts and great added value conferred by Autlán to their products in their operative processes.

The company has approached the customers to promote higher understanding in terms of commercial negotiations and to leverage the use of its products. These commercial activities, marketing visits, and commercial newsletters that are being consistently renewed and distributed to our clients, represent additional benefits that many times differentiate Autlán from the rest of the competitors.

Maintaining the unity of employees of the company is essential for Autlan both administratively and in the human aspect. Therefore after many years, we have decided to restart the issuance of the journal of internal activities of the company for informative purposes. This is another way to reinforce healthy social communication among our personnel, not only for those who work in an operative unit but in all the units and plants, particularly considering the geographic dispersion of Minera Autlán.

The participation of Minera Autlán in different work-related committees and executive committees of the Mexican Mining Chamber (Camimex), Confederation of Industrial Chambers of the Country (Concamin), IMnI (International Manganese Institute) and Mexican Steel Chamber (Canacero) has been increasingly active. Autlán has been involved in subjects of important concern for the industry and/or has collaborated in joint activities.

It is important to emphasize the work of the company in the chairmanship of the Customs Committee of Camimex, as well as its permanent seat at the Board of Canacero obtained in 2010.

Tamós Plant
Autlan's Family

Continuous improvement

Human Resources

In 2010, the working atmosphere was encouraging, and this became more evident throughout the first semester, with the results of the company for the previous year. The attitude of the personnel was positive and they relied in their skills and determination to improve our results.

Our policy of a Culture of Principles, Ethics and Moral was published and spread throughout the company. The personnel were invited to assume the commitment to work within this frame of reference. This commitment was widely accepted and our personnel became encouraged to meet it.

With respect to collective negotiations, the attitude of the workers and the union was flexible and understanding, and contributed to the recovery of the company during this year.

On the other hand, the company started work to in the Replacement Charts of executive and managerial levels in the entire company, implementing the necessary mechanisms and procedures, and setting the foundation of an Advisory Board to make the most of the experiences of our senior executives.

Among the achievements of the company in 2010, the Tamós Plant obtained the inscription in the Workplace Safety & Health Management System of the Ministry of Labor and Social Welfare (STPS for its initials in Spanish). The personnel attendance control card system was substituted by a finger prints electronic system automatically linked to our payroll.

The Teziutlán Plant reported 301 days without accidents thanks to an industrial safety event and extraordinary training courses that covered administrative and technical aspects and resulted in better a working setting. The personnel in Gómez Palacio Plant were recognized for their record of 301 days without work-related accidents with a celebration that included raffles and the provision of promotional industrial safety items.

In the Mining division, the company strived to train and integrate its personnel.

Sustainable Development and Social Responsibility

Mining

The company continued to work in the Strategic Environmental Plan and reported progress in works such as the concrete paving of 5,000 m^2 of traffic areas for heavy vehicles and in the installation of a dust collector for the area of manganese nodules screening. Progress was also reported in the engineering of an additional dust collector for the nodules cooler to be installed in 2011.

As part of our social responsibility program, we fostered a direct and straightforward relationship with ten of the communities located around the operations of Molango, Nonoalco and Naopa Units.

Additionally, the company implemented health, communication, and nutrition programs in several communities as well as infantile brigades, which were fully accepted.

Ferroalloys

As part of its responsibility to the community, the Tamós Plant repaired the Minera Autlán –La Tortuga Lagoon highway segment, and supported several schools of the area, in addition to maintaining the Tamós– Minera Autlán highway segment. With respect to the environment, it is important to point out that the water treatment plant was reconstructed, starting the operation of the water quality analyzer. Likewise, SEMARNAT recognized the company for the 2009 Greenhouse Effect Gases (GEG) report. Moreover, slag with metallic content stored in furnaces and refractory pieces in the MOR process were reprocessed.

The Teziutlán Plant complied with the isokinetic analysis performed every six months and with the perimeter analysis performed each quarter reporting outcomes within the standard, in accordance with PROFEPA, SEMARNAT and with the citizenship. On the other hand, the company purchased a dust collector to prepare shipments. The slag of the process was sold, preventing its accumulation and transference to especial dumps.

Gómez Palacio Plant met 100% the standards of SEMARNAT and PROFEPA regarding suspension solids, waste waters and hazardous residues.

Book 'Mexico: Biodiversity and Endangered Species' ("Riqueza Natural Mexicana y sus Especies en Riesgo")

In order to raise awareness about the flora and fauna in danger of extinction, Minera Autlán decided to participate in the sponsorship of the book "Mexico: Biodiversity and Endangered Species" ("Riqueza Natural Mexicana y sus Especies en Riesgo"). The book is a very well documented master piece that provides mainly graphic information about an indissoluble binomial: spaces and species from nature. In terms of actions performed by the company in aid of nature, the book mentions our efforts to produce clean energy, to preserve the real eagle together with PRONATURA and the actions of Sustainable Ranch "La Herradura" of Minera Autlán, aimed at the recovery of nature in the semi-desert zone of Coahuila, among which we can mention the protection of cactaceae species and the controlled reproduction of the white-tailed deer miquihuanensis.

The book was presented with an introduction about the company, in the 16th edition of Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 16), held in Cancún in November.

Production of Desert Plants at the Sustainable Ranch "La Herradura" of Minera Autlán

The cactaceae family is original from the Americas and is widely distributed in the driest parts of the continent. There are about two thousand species of cactaceae and nearly 850 are found in Mexico. Due to the climatic and topographic situation of the country there are highly endemic conditions. About 700 species are unique, i.e., over 80% are found only in Mexico.

Studies conducted in "La Herradura" ranch, determined the presence of several species of cactaceae for nursery garden production, as well as the importance of the White Pine Nut and Mezquite production for its reforestation in the area. In an attempt to start a massive production of desert plants for commercialization purposes, we are working in the generation of certain plants like the Chinese Palm, Bishop's weed, Mamilarias, Catkin (euphorbia antisyphilitica), Damiana (turnera diffusa) and Mezquite.

Corporate Social Responsibility (CSR)

In March 2010, Minera Autlán was granted the recognition of CSR member by the Mexican Center for Philanthropy (CE-

MEFI), ratifying the commitment of the company to the quality of life of its personnel, the environment and their stakeholders.

This award emphasizes the efforts of the company to create value, always meeting the implicit demands of a competitive company in the mining and iron and steel sector worldwide.

In order to grant this recognition, CEMEFI performed an exhaustive assessment about the performance of the organization regarding four primary aspects:

1) Business ethics;
2) Protection and preservation of the environment;
3) Quality of life in the company, and
4) Relationship of the company with the community.

With the CSR certification the company intends to find an integral social responsibility scheme that promotes actively the creation of economic and social value. To that effect we have aimed the benefits generated by our company at developing the environment and the wellbeing of its people, not only of our investors, collaborators and their families, but of the communities we influence and our stakeholders.

The quality of life in Minera Autlán has been an ongoing concern that is evidenced with a stable workforce of collaborators accruing years of efficient service. This benefit reaches over 1,500 Mexican families.

Minera Autlán is committed to Mexico, and now as a CSR company, it plays a dynamic and participative role in the creation of value and in the generation of wellbeing in the communities located near the areas where the company performs its operations.

Minera Autlán has always performed its operations safeguarding our ecosystems therefore it reaffirms its commitment to sustainability and searches consistently to find balance between its mining-steel activities, the preservation of air, water, soil, flora and fauna, and the rationalization of power and other resources.

In the work-related area, industrial safety is a priority for Minera Autlán. To that effect the company implements consistently very rigorous processes to prevent accidents.

Teziutlán Plant
In the State of Puebla

Support to the villages, respect to endangered fauna, promotion to reforestation and preservation of quality, were some of the sustainability and social-commitment tasks driven by the company

With respect to business, the great efforts of those who work for Minera Autlán and their passion for their work, have contributed to the official recognition of the company as a reliable supplier by its clients.

The recognition granted to the company for its achievements in terms of social responsibility will contribute to reinforce our commitment to society and the environment.

ISO 9001-2008 Certification and ISO 14001-2004 at All Our Operative Units

In October 2010, a tour around operative units Tamós, Molango, Nonoalco and Teziutlán was performed with TUV auditors to audit the quality management system ISO 9001-2008 and environmental management ISO 14001-2004, as well as to verify their compliance. The results were positive therefore all the operative units of the Company are certified ISO 9001-2008 and 14001-2004.

The integral certification audits were performed under this scenario. This was a big challenge for the Company because these audits had never been conducted with this integrity focus. Documented work and deep awareness efforts led to our excellent results.

Some of the advantages of being certified with the two ISO 9001-2008 and 14001-2004 systems are:

- Better control and minimization of impacts to the environment
- Prevention of health and environmental risks
- Detection of significant environmental aspects
- Programs with environmental and quality goals and objectives
- Better work-related setting
- Better operative system
- Promotion of continuous improvement implementation
- Higher orderliness and cleanliness
- Development of a quality and ecological culture.

Teziutlán Plant

Laboratory

Paving the Way Towards the FAMI QS Certification of Nonoalco Unit

With the purpose of consolidating the sales of manganeous oxide in the European market, we continue working to certify the Nonoalco Unit with a Code of European Feed Additives and PreMixtures Quality System, FAMI QS. We expect to obtain such quality certification in 2011.

Financial Results

Two thousand ten was a recovery year for Minera Autlán particularly. After the tough setting faced since the end of 2008 and throughout 2009, due to the economic recession worldwide, Minera Autlán leveraged its operative flexibility to take advantage of the positive conditions of our industry in 2010 and to gain market share rapidly, and this was reflected in the positive results obtained.

In 2010, Minera Autlán worked at full capacity, which helped the company take advantage of the recovery of the steel industry, our primary market, especially in the first half of the year. This positive setting, together with the operative efficiencies achieved by our excellent technical personnel led to a significant margin growth that was evidenced in the financial results of the Company.

Consolidated Income

Net sales up to December 31, 2010 reported a 96% increase vs. 2009, with annual income of $4,322.8 million pesos, almost doubling the $2,200.4 million in sales in 2009. Better conditions in the steel market led to price recovery and consistent demand.

On the other hand, cost of sales accounted for 65% of sales, 9 percent points below the cost recorded in the previous year.

Due to the above and to the meticulous care in the elaboration and management of all the costs, expenditures, and financial strategies during 2010, the operative income this year was $983.7 million pesos and represented a 23% margin, four times higher than 2009.

The cash flow generation of the operation expressed as EBITDA was $1,164.4 million pesos, 256% higher than in 2009 and representing a 27% EBITDA margin. These results constitute an important achievement that evidences our successful strategies.

The integral financing result decreased about 40%, resulting in $109.2 million. This fall is due to the fact that the negative effect of derivative financial instruments was recorded in 2009. It is important to point out that coverage operations implemented by the company to lower the exchange risk in 2010 reported a positive outcome and by the close of the year the Company reports no operations in foreign currency, except for natural gas.

The net profit of the period was $513.9 million pesos, with a 12% margin.

Balance Sheet

The company has aimed significant efforts at maintaining a healthy financial position and capital structure. Year by year, Autlán strives to leverage the opportunities of the market and 2010 was not the exception.

The healthy financial position of the Company at the beginning of 2010 became stronger along the year due to the cash flow generation achieved in this period, improving the already healthy balance with a long-term debt profile.

Cash and equivalents of cash of the company almost doubled thanks to the cash flow generation during the year and to higher productive and sales activity in 2010. The cash balance and equivalents of cash up to December 31 is $502.8 million pesos.

Accounts receivable decreased slightly in spite of the higher level of sales of the year, mainly due to its efficient recovery; on the other hand, inventories increased 16% due to higher productive activity.

Accounts receivable with related parties shows the partial investment in Compañía de Energía Mexicana, S.A. de C.V., a company engaged in the construction of "Atexcaco" hydroelectric plant. This investment will be completed in 2011.

Fixed assets reported a 4% increase as a result of the program of investments and major maintenance implemented; in adition, in 2010, the management decided to reverse the remaining balance of the impairment loss in the value of the machinery that was recognized in 2001, abiding by the guidelines of Bulletin C-15. The amount of the reversion amounted $96 million pesos.

With respect to liabilities, our debt remained virtually unchanged, the Company paid fully the derivatives contracted and in effect since 2008 therefore there is no outstanding liability in this regard. Our suppliers account increased due to higher investing and productive activity; the higher increase was payable taxes, due to the positive results achieved, which are reflected in the increase of capital stock recorded throughout the year. It is important to underline the strength of Autlán balance that will lead to the development of projects to promote the strength and growth of the company.

Investments

We are working consistently in projects that provide the necessary operative flexibility to react rapidly to the changing conditions of the market and to guarantee the profitability of the company in the long-term. In this sense, throughout 2010 capital investments for US$15.1 million dollars were made by the Company; these investments were aimed mainly at preparing the underground mine that will be productive in a few years under a safer and more productive mining system. Important resources were used in research and development to improve our processes and products and to lower our production costs, which results will be reflected in 2011.

In accordance with the provisions of the National Banking and Securities Commission for public companies on the Mexican Stock Exchange, during 2010 we started working to report under the International Financial Reporting Standards (IFRS). For this purpose, and to have a robust and reliable information platform, after having analyzed carefully several options, the company decided to update the current ERP to the latest version. This modernity and capacity effort of our systems will be completed by mid 2011.

Also in 2010, the company implemented important measures to lower our costs of electric power, one of the main inputs of the company. In September this year Minera Autlán announced a US$21.0MM investment in exchange to a 49% share in Compañía de Energía Mexicana, S.A. de C.V. (CEM). In 2010 US$17.0 million dollars of the total investment were paid and it has been funded with our own resources and the cash flow generation of the Company.

At present, CEM is building Atexcaco hydroelectric plant with a 30 MW capacity. This plant will supply 25% of the total electric power consumption of Autlán. At the same time, we are working in other power-generation projects to meet at least 75% of our power requirements in the mid-term.

We are also investing in manganese exploration and other precious metals.

Autlan's Shares

Minera Autlán trades currently on the Mexican Stock Exchange with ticker: AUTLANB. Twenty five percent of the Company shares are distributed among the investors of the BMV, the rest belongs to the holding group.

Up to December 31, 2010, the share price was $30.29 pesos per share.

Nonoalco Unit

Manganous oxide

Gómez Palacio Plant

Silicomanganese

Annual Report by the Chairman of the Audit Committee to the Board of Directors

Compañía Minera Autlán S.A.B. de C.V. April 2010 - February 2011

This Report is submitted by the Chairman of the Audit Committee of Compañía Minera Autlán, S.A.B. de C.V., under the terms and for the purposes of Article 43, section II of the Securities Market Law.

This report has been presented to the Audit Committee of the Company, which has validated its content, scope, and conclusions to submit it to the opinion and approval of the Board of Directors, which in turn shall present it in the Annual General Regular Meeting of Shareholders of Compañía Minera Autlán, S.A.B. de C.V. to be held in April 2011, under the provisions of Article 28, section IV, item a) of the Securities Market Law.

The Annual General Regular Meeting of Shareholders of the Company, held in April 28, 2010, based on the recommendation of the Board of Directors, ratified the subscriber as the Chairman of the Audit Committee and Mr. Ernesto Ortiz Lambreton and Mr. Jorge Morales Treviño, as members of said committee.

Throughout the period reported, the Audit Committee met on the following dates: (i) April 21, 2010; (ii) July 21, 2010; (iii) October 20, 2010; (iv) December 8, 2010; an (v) February 15, 2011.

Complying with its obligations and responsibilities, the meetings of the Committee have been attended by representatives of the firm PricewaterhouseCoopers, S.C., by External Auditors of the Company and by its Finance Director. In addition, the President of the Board of Directors and the Managing Director of the Company have attended such meetings as permanent guests.

The decisions adopted by the Audit Committee have been timely reported and submitted to the consideration of the Board of Directors by means of the respective report presented to this superior social branch in the corresponding meetings. Details of such resolutions and agreements may be consulted in the minutes filed of each meeting and that previous approval by the Committee, have been transcribed to the appropriate minute book. A file of each meeting, including reports and other documentation discussed, has been elaborated. The Financial Statements of the Company of the corresponding quarter were presented by the Administration in each of the regular Quarterly Meetings of the Committee and were then analyzed and approved, together with the quarterly reports to the Stock Exchange, recommending to the Board of Directors their approval for subsequent public disclosure. In each meeting, the Committee received and analyzed the internal audit report of the corresponding period.

In all the regular quarterly meetings of the Committee, the Finance Director presented a detailed report about the operations of Company with derivative financial instruments, as well as the respective reports to the Mexican Stock Exchange. Likewise, the Committee reviewed periodically the investment portfolio of the Company and provided appropriate remarks and recommendations.

In its meeting dated April 21, 2010, this Committee recommended the review of the cash surplus investment policy to make it more flexible in the light of the changing scenarios due to devaluation, or appreciation of the exchange rate Pesos vs. US Dollars. A recommendation was made to the Administration to analyze investments in instruments with better returns and lower risk, through the design of a new investment portfolio. A Self-Regulatory Policy in terms of Cash Surplus Investments was recommended to the Board as well as investments in fix income instruments and, as an exception and previous approval by this Committee, in variable income instruments.

The External Audit Plan 2010-2011 of the Company, presented by PricewaterhouseCoopers, S.C., was analyzed and approved as well as the fees of this audit firm to issue an opinion about the Financial

Statements of the Company and its subsidiaries up to December 31, 2010. The Committee analyzed and expressed its opinion about the financing alternatives proposed by the Administration.

In its meeting dated December 8, 2010, the Committee received and analyzed the proposal of PricewaterhouseCoopers, S.C. about the Integral Risk Management Plan and Strategy that is being implemented in the organization and authorized the second and last stage of such consultancy and its respective fees.

In its meeting dated February 15, 2011, the Committee reviewed the examined financial statements of the Company up to December 31, 2010, previous analysis of the conclusions of external auditors, and recommended to the Board of Directors its approval and submission to the Shareholders Meeting. In this meeting dated February 15, 2011, the Committee analyzed the annual report of the Managing Director for 2010, and agreed to recommend to the Board of Directors its approval and submission to the Shareholders Meeting.

Based on the opinion of the Audit Committee, the internal control system and the internal audit system of the Company are appropriate, although they are consistently improved.

The Audit Committee concludes that the performance of PricewatehouseCoopers, S.C. as External Auditors of the Company and its partners in charge of the respective audit is appropriate and the communication between the Committee and the auditors referred to hereinbefore is smooth and consistent. Moreover, the additional or complementary services contracted by the Company from those External Auditors are appropriate and useful.

The recommendations of the Audit Committee have been or are being addressed by the Administration appropriately. During the period reported, the Audit Committee did not receive from the Shareholders, Members of the Board, relevant officials, employees and in general from any other third party, remarks about the accounting, internal controls, or issues related to Internal or External Audits, other than those made by the Administration throughout the preparation or revision of the respective documentation, and did not receive any complaints about irregular facts in the Administration. The Audit Committee has followed up promptly, within the scope of its responsibilities and according to the instructions received by superior social branches, the agreements reached by the Shareholder Meetings and the Board of Directors throughout the period referred to in this report.

In virtue of the above, we conclude that the Audit Committee met its responsibilities outlined in Article 42 section II of the Securities Market Law throughout the period reported herein.

San Pedro Garza García, Nuevo León, February 15, 2011.

Best Regards,

Pedro Reynoso
Chairman of the Audit Committee
Compañía Minera Autlán, S.A.B. de C.V.

Annual Report by the Chairman of the Corporate Practices Committee to the Board of Directors

Compañía Minera Autlán S.A.B. de C.V. April 2010 - February 2011

This Report is submitted by the Chairman of the Corporate Practices Committee of Compañía Minera Autlán, S.A.B. de C.V under the terms and for the purposes of Article 43 section I of the Securities Market Law.

This report has been presented to the Corporate Practices Committee of the Company, which has validated its content, scope, and conclusions to submit it to the opinion and validation of the Board of Directors and in turn to the Annual General Regular Meeting of Shareholders of Compañía Minera Autlán, S.A.B. de C.V. to be held in April 2011, under the provisions of Article 28, section IV, item a) of the Securities Market Law.

The Annual General Regular Meeting of Shareholders of the Company, held in April 28, 2010, based on the recommendation of the Board of Directors, ratified the subscriber as the Chairman of the Corporate Practices Committee and Mr. Pedro Reynoso Ennis and Mr. Jorge Morales Treviño, as its members.

Throughout the period reported, the Corporate Practices Committee held working meetings on the following dates: (i) April 21, 2010; (ii) July 21, 2010; (iii) October 20, 2010; (iv) December 8, 2010; an (v) February 15, 2011.

All the meetings have been attended by the President of the Board of Directors, the Managing Director of the Company, and the Finance Director, in their condition of guests.

The resolutions adopted by the Corporate Practices Committee have been timely reported to the Board of Directors in the corresponding meetings. Details of such resolutions and agreements may be consulted in the minutes filed of each meeting and that previous approval by the Committee, have been transcribed to the appropriate minute book. A file of each meeting, including reports and other documentation discussed, has been elaborated.

In each of the meetings of this Committee, a report of the Administration was presented including balances of liability and active accounts of the Company with related parties for the period in question. Characteristics and circumstances of significant operations were analyzed. The Committee recommended to the Administration the most appropriate measures under the prevailing circumstances, and requested the elimination to the extent possible, of inter-company account balances.

In the meeting held in July 21, 2010, the Committee recommended to the Board of Directors the approval of an investment in Compañía de Energía Mexicana, S.A. de C.V. (CEM) for up to 49% of its capital stock. Throughout the period reported, the Committee reviewed the self-regulatory policies of the Company and suggested some modifications, adjustments, and clarifications to this policies in terms of: **Use or possession of properties that constitute the patrimony of Compañía Minera Autlán, S.A.B. de C.V. and of the artificial people controlled, by related people and granting of mutuum, loans, credits or guaranties to related people**, once these modifications are made by the Secretary of the Committee, the new versions of these policies will be submitted to the Board of Directors for approval and communication.

In the meeting held in February 15, 2011, this Committee analyzed the performance evaluation and packages of compensation of relevant Directors of the Company.

In addition, consistent follow-up was made to the behavior of the stock quote of the Company in the Bolsa Mexicana de Valores, S.A.B. de C.V. and to the interventions of the stock buyback fund of the Company.

Throughout the period reported, the Corporate Practices Committee did not receive and did not become aware of any exemption request to take advantage of the businesses of the Company and/or its subsidiaries by related people.

In this sense, the Committee received a periodic report by the General Management, which states the following:

(a) no assets of the company are used by the Members of the Board and/or Officials personally;

(b) no credits with related companies are recorded;

(c) no operations with related parties requiring approval by the Board of Directors are reported, and

(d) no exemption has been granted to any Member of the Board, Relevant Official or person with authority, to take advantage of any business opportunities of the Company.

Likewise, the Committee did not receive by the Shareholders, Members of the Boards, relevant officials, employees, and in general, by any third party, any remarks regarding topics within the scope of the Committee, other than those from the Administration during the preparation or review of the respective documentation, and did not receive accusations about any irregular facts in the Administration.

In virtue of the above, we conclude that the Corporate Practices Committee met its responsibilities outlined in Article 42 section I of the Securities Market Law throughout the period reported herein.

San Pedro Garza García, Nuevo León, February 15, 2011.

Best Regards,

Ernesto Ortiz
Chairman of the Corporate Practices Committee
Compañía Minera Autlán, S.A.B. de C.V.

Annual Report by the Chairman of the Human Resources Committee

Compañía Minera Autlán S.A.B. de C.V. April 2010 - February 2011

Introduction. We are hereby presenting the annual report of the Human Resources Committee, from April 2010 to February 2011. This Committee has met since 2003.

Brief Background. The Human Resources Committee substitutes the previous Evaluation and Compensations Committee -established in 2003-, its main goal is to reinforce and drive the decision making process on strategic matters regarding personnel management. The Human Resources Committee, in this capacity, was established on May 29, 2008 with José Antonio Rivero acting as the Chairman and Jorge Morales, José H. Madero, and Agustín Torres, Lizardo Galván, Norberto Zavala, Manuel Valadez, Pedro Rivero and Juan Bosco Álvarez acting as permanent members. This structure guarantees the presence of some of the most important areas of the Company and the Board of Directors.

April 2010-February 2011 Report. The Human Resources Committee held five meetings throughout this period in April, July, September, November 2010 and January 2011. The issues discussed in said meetings focused on the following subjects: Replacement Templates, Advisory Board, Reopening of the Research and Development Center (CID for its initials in Spanish), Personnel Evaluation and Status of the Company regarding the Mexican Social Security Institute (IMSS), Tributary Administration Service (SAR) and Pensions Fund.

- **Replacement Charts:** This has been a priority issue and the company decided to formalize a list of successors for the most strategic positions. Based on this decision, the company has defined the replacement charts for the Ferroalloys and Mining areas, and has implemented simultaneously very positive changes in the organization chart. We are currently working in the templates of other areas.

- **Advisory Board:** Based on current European and United States business programs for *senior* executives, the Human Resources Committee has decided to leverage de experience of the officials with higher seniority in the company that are about to retire inviting them to participate as advisers in several projects of Minera Autlán. So far, we have a preliminary list of members and an initial structure, which will be implemented shortly.

- **Reopening of the Research and Development Center (CID):** The Human Resources Committee believes that Minera Autlán must recapture efforts from earlier years about innovation and creation of technology. For this purpose, we have analyzed the convenience of constituting a CID for the Mining area and another for the Ferroalloys area. The Mining CID has already a preliminary structure, objectives, and budget for 2011. The Ferroalloys CID is expected to be constituted as of June. Both CIDs will be managed independently from the operation.

- **Wage Revision:** The organization reached the conclusion to separate the current evaluation system from the salary review due to inflation. Likewise, we decided to improve the evaluation system, with specific criteria based on levels of responsibility. Automatic options will be added to facilitate the control and communication of said evaluation.

- **IMSS, SAR and Pension Funds of Mining Units:** The status of the obligations of the company with respect to IMSS, SAR and Pension Funds was revised. The company is implementing several measures to further improve the current practices.

José Antonio Rivero
Chairman of the Human Resources Committee
Compañía Minera Autlán, S.A.B. de C.V.

Corporate Governance

Board of Directors	Alternate Directors
José Antonio Rivero Larrea Chairman	José Antonio Rivero González
José H. Madero Marcos Vice-Chairman	Evaristo Madero Vizcaíno
Francisco Garza Zambrano	Fernando Rivero Larrea
Ernesto Canales Santos	Esteban Rivero González
Everardo Elizondo Almaguer	Pedro Rivero González
Pedro Reynoso Ennis	Pedro Reynoso de la Garza
Jorge Morales Treviño	Jorge García Segovia
Antonio Elosúa González	Patricio Morales Sada
Ernesto Ortíz Lambretón	Ernesto Ortíz de la Garza
Eugenio Garza Herrera	Andrés Garza Herrera
Ernesto Martens Rebolledo	Remko Been Van Es

Audit Committee

Pedro Reynoso Ennis > Chairman
Ernesto Ortiz Lambretón > Member
Jorge Morales Treviño > Member
José Antonio Rivero Larrea > Permanent Guest
José H. Madero Marcos > Permanent Guest
Gustavo A. Cárdenas Aguirre > Permanent Guest
Samuel Meléndez Soto > Permanent Guest
Juan Pablo del Río Benítez > Secretary

Executive Committee

José Antonio Rivero Larrea > Chairman
José H. Madero Marcos > Member
Jorge Morales Treviño > Member
Ernesto Ortiz Lambretón > Member
Everardo Elizondo Almaguer > Member
José Antonio Rivero González > Permanent Guest
Esteban Rivero González > Permanent Guest
Pedro Rivero Gónzalez > Permanent Guest

Corporate Practices Committe

Ernesto Ortiz Lambretón > Chairman
Pedro Reynoso Ennis > Member
Jorge Morales Treviño > Member
José Antonio Rivero Larrea > Permanent Guest
José H. Madero Marcos > Permanent Guest
Gustavo A. Cárdenas Aguirre > Permanent Guest
Samuel Meléndez Soto > Permanent Guest
Juan Pablo del Río Benítez > Secretary

Gómez Palacio Unit

Facilities

Report of Independent Auditors

To the Stockholders of
Compañía Minera Autlán, S. A. B. de C. V.

Monterrey, N. L., February 28, 2011

We have audited the consolidated balance sheets of Compañía Minera Autlán, S. A. B. de C. V. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Mexico. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatements and that they were prepared in accordance with Mexican Financial Reporting Standards. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Compañía Minera Autlán, S. A. B. de C. V., and subsidiaries at December 31, 2010 and 2009, and the results of its operations, the changes in its stockholders' equity and its cash flows for the years then ended, in conformity with Mexican Financial Reporting Standards.

PricewaterhouseCoopers, S. C.

Héctor Puente S.

Consolidated Balance Sheet

Compañía Minera Autlán S.A.B. de C.V. and Subsidiaries (subsidiaries of Grupo Ferrominero, S.A. de C.V.)
At December 31, 2010 and 2009. Thousands of Mexican pesos (See Note 2).

Assets	2010	2009
CURRENT ASSETS:		
Cash and temporary investments	Ps 502,840	Ps 254,648
Trade accounts receivable, less allowance for doubtful accounts of Ps 50,545 in 2010 and Ps 54,104 in 2009	499,115	528,951
Recoverable taxes	63,293	59,546
Other accounts receivable	9,540	4,484
Inventories, net (Note 5)	481,134	415,015
Prepaid expenses	8,865	6,970
Total current assets	1,564,787	1,269,614
Compañía de Energía Mexicana, S.A. de C.V., related party (Note 4)	208,564	
PROPERTY, PLANT AND EQUIPMENT (Note 6)	2,673,147	2,561,433
OTHER ASSETS AND DEFERRED CHARGES (Note 7)	132,748	114,785
Total assets	Ps 4,579,246	Ps 3,945,832

The accompanying notes are an integral part of these financial statements.

José H. Madero M.
Chief Executive Officer

Liabilities and Stockholders' Equity	2010	2009
CURRENT LIABILITIES:		
Suppliers	Ps 220,293	Ps 205,393
Short-term maturities of unsubordinated notes (Note 9)	80,465	
Short-term maturities of notes payable (Note 10)	6,904	14,380
Account payable to related parties (Note 4)	21,147	5,877
Short-term liabilities from valuation of derivative instruments (Note 11)		85,138
Employees' profit sharing payable	80,207	
Other accounts payable and accrued expenses	31,155	31,138
Total current liabilities	440,171	341,926
LONG-TERM LIABILITIES:		
Long-term unsubordinated notes payable (Note 9)	413,820	522,348
Notes payable (Note 10)	2,366	4,408
Deferred employees' profit sharing	10,168	
Deferred income tax (Note 15)	648,345	519,107
Estimated liability for labor benefits (Note 12)	57,300	53,735
Excess of liabilities over assets in investment in associated companies		5,739
Total long-term liabilities	1,131,999	1,105,337
Total liabilities	1,572,170	1,447,263
STOCKHOLDERS' EQUITY (Note 13):		
Capital stock	1,110,728	1,116,083
Additional paid-in capital	391,914	391,914
Contributed capital	1,502,642	1,507,997
Retained earnings	1,504,434	990,572
Total stockholdrs' equity	3,007,076	2,498,569
Total liabilities and stockholders' equity	Ps 4,579,246	Ps 3,945,832

Gustavo Cárdenas A.
Chief Financial Officer

Consolidated Statement of Income

Compañía Minera Autlán S.A.B. de C.V. and Subsidiaries
For the years 2010 and 2009. Thousands of Mexican pesos (See note 2).

	2010	2009
Net sales	Ps 4,322,796	Ps 2,200,352
Cost of sales	(2,818,153)	(1,631,930)
Gross margin	1,504,643	568,422
Operating expenses	(520,898)	(358,643)
Operating income	983,745	209,779
Comprehensive financing income (expense):		
Financial expense, net	(97,328)	(57,436)
Exchange loss, net	(30,628)	(11,029)
Valuation and realization of derivative financial transactions (Note 11)	18,767	(112,421)
	(109,189)	(180,886)
	874,556	28,893
Other expense, net (Note 6)	(39,902)	(90,450)
Income (loss) before the following provision	834,654	(61,557)
Income tax provision (Note 15)	(320,792)	(45,346)
Consolidated net income (loss)	Ps 513,862	(Ps 106,903)
Earnings (loss) per share, in pesos (Note 3.s)	Ps 1.89	(Ps 0.39)

The accompanying notes are an integral part of these financial statements.

José H. Madero M.
Chief Executive Officer

Gustavo Cárdenas A.
Chief Financial Officer

Consolidated Statement of Changes in Stockholders' Equity

Compañía Minera Autlán S.A.B. de C.V. and Subsidiaries
For the years 2010 and 2009. Thousands of Mexican pesos (See note 2).

	Contributed capital			Earned surplus	
	Capital stock	Premium on issuance of capital stock	Total	Retained earnings	Total stockholders' equity
Balances at January 1, 2009	Ps 1,111,635	Ps 391,914	Ps 1,503,549	Ps 1,205,068	Ps 2,708,617
Changes in 2009:					
Dividends declared				(107,593)	(107,593)
Repurchase of own shares, net	4,448		4,448		4,448
Net loss and comprehensive loss for the year				(106,903)	(106,903)
Balances at December 31, 2009	1,116,083	391,914	1,507,997	990,572	2,498,569
Changes in 2010:					
Repurchase of own shares, net	(5,355)		(5,355)		(5,355)
Net income and cromprehensive income for the year				513,862	513,862
Balances at December 31, 2010 (Note 13)	Ps 1,110,728	Ps 391,914	Ps 1,502,642	Ps 1,504,434	Ps 3,007,076

The accompanying notes are an integral part of these financial statements.

José H. Madero M.
Chief Executive Officer

Gustavo Cárdenas A.
Chief Financial Officer

Consolidated Statement of Cash Flows

Compañía Minera Autlán S.A.B. de C.V. and Subsidiaries. For the years 2010 and 2009. Thousands of Mexican pesos (See note 2).

Operations	2010	2009
Income (loss) before income tax	Ps 834,654	(Ps 61,557)
Items related to investment activities:		
Depreciation and amortization	180,633	117,199
Interest income	(7,126)	(25,197)
Derivative financial instruments		112,421
Asset impairment	(96,044)	
Items related to financing activities:		
Interest expense	65,219	87,717
Exchange loss	(28,063)	(44,442)
Employees' profit sharing	90,375	
Other, net	3,565	710
Total	1,043,213	186,851
Increase in trade accounts receivable	29,836	(31,658)
(Increase) decrease in inventories	(66,119)	188,688
Increase (decrease) in suppliers	14,900	59,229
Income tax paid	(190,554)	(101,002)
Employees' profit sharing payable		(114,022)
Other	1,886	(61,983)
Net cash flows from operating activities	833,162	126,103
Investment		
Interest earned	7,126	25,197
Adquisition of property, plant and equipment	(177,715)	(89,382)
Development and evaluation expenses	(34,848)	(35,627)
Derivative financial instruments	(85,138)	(778,886)
Related parties	(208,564)	
Other assets	(5,739)	(35,517)
Net cash flows used in investment activities	(504,878)	(914,215)
Cash excess (deficit) available for (to be covered by) financing activities	328,284	(788,112)
Financing		
Advance redemption of notes		(268,706)
Payment of notes and other documents payable	(9,518)	(124,980)
Increase in financing from guaranteed unsubordinated notes and notes payable		515,916
Dividends paid		(107,593)
Interest and debenture issuance expense	(65,219)	(53,402)
Other	(5,355)	4,448
Net cash flows used in financing activities	(80,092)	(34,317)
Net increase (decrease) in cash and temporary investments	248,192	(822,429)
Cash and temporary investments and restricted cash at beginning of year	254,648	1,077,077
Cash and temporary investments and restricted cash at end of year	Ps 502,840	Ps 254,648

The accompanying notes are an integral part of these financial statements.

José H. Madero M.
Chief Executive Officer

Gustavo Cárdenas A.
Chief Financial Officer

Notes to the Consolidated Financial Statements

Compañía Minera Autlán S.A.B. de C.V. and Subsidiaries (subsidiaries of Grupo Ferrominero S.A. de C.V.)
At December 31, 2010 y 2009. Thousands of Mexican pesos, See note 2. (except where otherwise indicated)

1. ENTITY AND OPERATIONS

Compañía Minera Autlán, S. A. B. de C. V. (Autlán), was incorporated in 1953. It is a Mexican company whose main activity is the extraction of manganese ore, and the production and sale of ferroalloys, used mainly in the production of steel. The term "the Company", as used in this report, refers to Autlán together with its consolidated subsidiaries.

Autlán carries out its activities through operating units located in Tamós in the State of Veracruz, Molango and Nonoalco in the State of Hidalgo, Teziutlán in the State of Puebla and Gómez Palacio, in the State of Durango. It also has various service subsidiaries mentioned in Note 2. Autlán's shares are listed in the Mexican Stock Exchange.

2. BASIS FOR PREPARATION

The accompanying consolidated financial statements at December 31, 2010 and 2009, comply fully the provisions of the Mexican Financial Reporting Standards (MFRS) so as to show a fair presentation of the Company's financial position. The MFRS state that the International Financial Reporting Standard (IFRS), the International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC) and the Interpretation Committee (SIC) interpretations should be applied supplementarity when MFRS are silent of a particular issue. Accordingly, the Company, with the purpose of recognizing, valuing, and disclosing its own particular transactions, applies the following suppletory IFRS, Interpretations and SIC issued by the International Accounting Standard Board (IASB):

IFRS-6"Exploration for and Evaluation of Mineral Resources", current as of January 1, 2006. See Note 3 f.

The Company presents costs and expenses in the consolidated statement of income under the functional classification, the main characteristic of which is to separate the cost of sales from the other costs and expenses. Additionally, for a better analysis of its financial position, the Company has opted to separately present operating income in the statement of income as this information is a common disclosure practice in the sector to which the company belongs.

In accordance with the provisions of MFRS B-10 "Effects of Inflation", the Mexican economy is not currently inflationary, since there has been a cumulative inflation below 26% (threshold for defining an economy should be considered as inflationary) in the most recent three-year period. Therefore, coming January 1, 2008 the Company has discontinued the recognition of the effects of inflation in the financial information (disconnection from inflationary accounting). Consequently, the figures in the accompanying financial statements at December 31, 2010 and 2009, are stated in historical Mexican pesos (Ps) modified by the cumulative effects of inflation on the financial information recognized up to December 31, 2007.

The inflation rates are shown below:

	December 31,	
	2010	2009
Annual inflation	4.40%	3.57%
Cumulative inflation in the last three years	15.19%	14.48%

Because the Company´s recording currency, its functional currency and its reporting currency are all the Mexican peso, it was not necessary to perform any conversion process.

Beginning on January 1, 2010 the following MFRS issued by the Mexican Financial Reporting Standards Board and effective as of the previously mentioned date, have been retrospectively adopted by the Company.

MFRS B-2 "Cash flows statement": it modifies the presentation of the effects of fluctuations in the exchange rate and changes in the fair value of cash and cash equivalents with the purpose of showing both effects in a specific line, allowing more clarity in the reconciliation of cash and cash equivalent balances at the beginning and end of this period.

MFRS C-7 "Investment in associated companies and other permanent investments": it changes the manner of recognition of reductions in an investor's percentage equity in an associated company that do not involve loss of significant influence. These effects should be recognized prospectively in the income statement line item "Equity in net income of associated companies".

MFRS C-13 "Related parties": requires the reporting entity to inform the name of the direct or indirect parent company which issues financial statements available for public use.

MFRS C-1 "Cash and cash equivalents": it establishes standards for the accounting treatment and disclosure of cash, restricted cash and investments cashable on demand, in addition to incorporating new terminology to make it consistent with other MFRS previously issued. Also, it retrospectively modifies the presentation of restricted cash and cash equivalents.

The accompanying consolidated financial statements and their notes were authorized for issuance on February 28, 2011 by the Board of Directors and by the officers who sign the basic financial statements and notes thereto.

3. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES:

The most significant accounting policies, which have been consistently applied in the reporting years, unless otherwise indicated, are summarized as follows.

The preparation of the financial information in accordance with FRS requires management to make estimates and assumptions that affect the reported amounts at the date of the financial statements. Actual results could differ from those estimates. The main captions subject to these estimates include the following: net fixed assets, allowance for doubtful accounts, inventory reserve, deferred income tax asset, valuation of financial instruments and labor obligations (assets and liabilities).

a. Consolidation

All significant balances and transactions between the consolidated companies have been eliminated for consolidation purposes. The consolidation was carried out on the basis of the audited financial statements of the subsidiaries.

Financial statements of foreign subsidiaries classified as foreign entities in a non-inflationary economy are converted as follows: a) assets and liabilities: at the closing exchange rate, b) stockholder´s equity: at the historical exchange rate, c) income, costs and expenses: at historical exchange rates (or average, if it has not varied significantly), and d) translation adjustment: shown as a component of comprehensive income (loss) in stockholders´ equity.

The consolidated financial statements include those of Autlán and all the subsidiary companies it controls. All significant balances and transactions between Autlán and its subsidiaries were eliminated in consolidation.

The principal subsidiary companies of Autlán as of December 31, 2010 and 2009 are:

	% ownership	
	2010	2009
Service and other companies:		
Arrendadora Autlán, S.A. de C.V. (1)		100
Compañía Ecológica de la Sierra, S.A. de C.V.	100	100
Compañía Recuperadora de Escorias, S.A. de C.V.	100	100
GFM Cerámica, S.A. de C.V.	98	98
GFM Resources, Ltd.	76	76
Industrial Minera Teziutlán Acatlán, S.A. (1)		100
Inmobiliaria Molango, S.A.	100	100
Inmobiliaria y Operadora Turística Sterra, S.A. de C.V.	100	100
La Herradura de México, S.A. de C.V.	99	99
Metcore de México, S.A. de C.V. (1)		100
Minas de Santa Marta, S.A.	100	100
Trading companies:		
Autlán Metal Services, S.A. de C.V.	99	99
Comercial Autlán, S.A. de C.V. (1)		100
GFM Trading de México, S.A. de C.V. (1)	99	99
GFM Trading, Inc. (2)		99

(1) At a Stockholder´s Meeting carried out on September 22, 2010, the stockholders approved a merger project under which GFM Trading de México, S. A. de C. V., as the merging company, would absorb Arrendadora Autlán, S. A. de C. V., Comercial Autlán, S. A. de C. V., Industrial Minera Teziutlán Acatlán, S. A. and Metcore de México, S. A. de C. V. The merger took legal effect three months after the date of registry in the Public Registry of Property, at which time the merged companies ceased to exist.

(2) During the year ended December 31, 2010, GFM Trading, Inc. began a process of liquidation which was completed in the same year.

b. Cash and cash equivalents

Cash and cash equivalents, include petty cash balances, bank deposits and other highly liquid investments not exposed to significant changes in value.

c. Temporary investments

These investments include investments in debt and capital securities, and are classified in the following categories in accordance with their maturity date and management's intention at the date of acquisition: investments to be held to maturity, financial instruments held for trading purposes and financial instruments available for sale. They are initially stated at acquisition cost and are subsequently valued as described below:

i. Debt securities to be held to maturity are stated at acquisition cost reduced by amortization of premiums or increased by amortization of discounts, as applicable, based on the unrecovered balance while the investments are in effect. Decrease in value is recognized when appropriate.

ii. Financial instruments held for trading and those available for sale are stated at fair value, which is similar to the market value. The fair value is the amount at which financial assets can be exchanged or financial liabilities can be liquidated between interested and willing parties on an arm's-length basis. The changes in the fair value of financial instruments held for trading are charged or credited directly to income. The changes in the fair value of financial instruments available for sale are included as part of comprehensive income under stockholders' equity until the instruments are sold or are reclassified, at which time the amounts included in comprehensive income are transferred to income for the year.

d. Inventories and cost of sales

At December 31, 2010 and 2009 the inventories, purchases, raw materials and finished goods are stated at historical cost determined by the average cost method. Values so determined, do not exceed market value.

Cost of sales is stated at historical cost, also determined by the average cost method.

The allowance for obsolete and/or slow-moving inventory is determined based on studies performed by the Company's Management, and is sufficient to absorb any loss for these concepts.

e. Property, plant, equipment and depreciation

Property, plant and equipment, including assets acquired under financial leases, are stated as follows at December 31, 2010 and 2009: i) acquisitions subsequent to January 1, 2008 at historical cost, and ii) acquisitions of domestic origin up to December 31, 2007 at restated value determined by applying factors derived from the National Consumer Price Index (NCPI) to their historical cost. In the case of fixed assets of foreign origin, at historical cost stated in the currency of the country of origin restated by applying factors reflecting inflation in the country of origin through December 31, 2007 and translated into Mexican pesos at the exchange rate at that date.

Property, plant and equipment are subject to annual impairment tests only when there are signs of impairment. Accordingly, they are expressed at their modified historical cost, less the accumulated depreciation and, any the impairment losses.

The acquisition cost of the property, plant and equipment requiring a substantial period of time to be available for use includes the capitalization of the comprehensive financing income or expense incurred in such period and attributable to its acquisition. Amounts so determined do not exceed related recovery value.

Depreciation is calculated by the straight line method based on the estimated useful lives of the assets or based on the terms of the financial leasing contracts of the assets, applied to the property, plant and equipment values, including those acquired under financial leases.

The property, plant and equipment acquired under financial leases are capitalized because they transfer substantially all the risks and benefits inherent in ownership. The capitalized value corresponds to the lesser of the leased asset value and the present value of the minimum payments. The financial costs derived from the financing granted by the lesser for the acquisition of these assets are recognized in income as they accrue.

f. Development and evaluation assets

The capitalized development and evaluation costs, in the case of tangible assets, are recorded as a component of property, plant and equipment, less any impairment effect. Those expenditures which do not represent tangible assets are recognized as intangible assets. Neither the tangible nor the intangible assets are depreciated, since they are not yet in use.

All capitalized development and evaluation cost are subject to impairment testing. In the event of indications of impairment, the evaluation is made for each exploration area jointly with the related operating assets. To the extent that the capitalized expenditure is not expected to be recovered, it is charged to income of the year.

Administrative costs not directly attributable to exploration areas are charged directly to income as incurred.

g. Deferred charges

This item is stated as follows: i) changes incurred after January 1, 2008, at historical cost, and ii) changes incurred up to December 31, 2007, at restated values determined by applying to the acquisition or development cost factors derived from the NCPI up to that date. Consequently, these are expressed at modified historical cost, less the corresponding accumulated amortization. This item includes mainly expenses for the placement of debt which are over the term of the obligations, and development and investigation expenses and mining concessions, which are amortized over a twelve-year term once the mineral extraction process starts.

h. Investments in shares of associated companies

Investments in shares of associated companies are recorded using the equity method. According to this method, the acquisition cost of the shares is modified by the proportional amount of the changes in the stockholders' equity accounts of the investee, subsequent to the date of acquisition.

Investments in shares of associated companies are subject to the recognition of impairment and its reversal, when required by circumstances.

i. Provisions

The liability provisions represent present obligations arising from past events where the future outflow of economic resources is probable. These provisions have been recorded based on Management's best estimate.

j. Transactions in foreign currency and exchange differences

Transactions in foreign currency are initially recorded in the recording currency by applying the exchange rates prevailing on the dates they are entered into and/or settled. Assets and liabilities denominated in such currencies are translated at the exchange rate prevailing on the balance sheet date. Exchange gain or loss arising from fluctuations in the exchange rates between the transaction and settlement dates, or valuation at the closing date are recognized in income as a component of comprehensive financing income (expense).

k. Estimated liability for labor benefits

The benefits granted by the Company to its employees, including defined benefit plans (or defined contribution plans), are described as follows:

The direct benefits at short term (salary, overtime, vacations, holidays, compensated absence payments, etc.) are recognized in income as they accrue and the corresponding liabilities are stated at their nominal value. Compensated absence payments based on legal or contractual provisions are non-cumulative.

Termination benefits for reasons other than restructuring, such as dismissal compensation or indemnities, seniority premiums, special compensations for voluntary separation, as well as retirement benefits (pensions, seniority premiums, and other retirement benefits), are recognized based on actuarial studies carried out by independent actuaries using the projected unitary credit method.

The net period cost of each employee benefit plan is recognized as an operating expense of the period in which it accrues. It includes the amortization of the labor cost of past services and of the actuarial gain (loss) of previous periods.

The unamortized of benefit costs at December 31, 2007, known as transitional liability, which include the labor cost of past services and unamortized actuarial gains (losses), is being amortized over a five-year period commencing January 1, 2008 instead of over the estimated remaining working life of the employees, as was the case up to 2007.

The actuarial studies of employees' benefits incorporate career salary increases assumptions.

l. Derivative financial instruments

Autlán uses derivative financial instruments for purposes of reducing its risk relative to adverse fluctuations in prices of raw materials and in exchange rates.

All derivative financial instruments entered into and identified and classified as held for trading or as hedge instruments are included in the balance sheet as assets and/or liabilities at fair value. The fair value is determined based on prices in recognized markets; when no quoted market prices are available, it is determined based on valuation techniques accepted in the financial sector.

Changes in the fair value of derivative financial instruments are recognized in comprehensive financing income, except when they are entered into to hedge risks and comply with all related requirements. Their designation as a hedge is documented at the inception of the transaction, specifying the related objective, initial position, risks to be hedged, type of hedge relationship, characteristics, accounting recognition and how their effectiveness will be assessed. Fair value hedges are stated at fair value and changes in valuation are recorded in income under the same caption as the hedged item. In the case of cash flow hedges, the effective portion is temporarily included in comprehensive income in stockholders' equity and is reclassified to income when the hedged item affects income. Any ineffective portion is recognized immediately in income.

Financial risk factors

The Company is exposed, in the normal course of its business, to financial risks, which in accordance with its financial strategy, are regularly managed through Derivative Financial Instruments (DFI); these financial risks are usually related to exchange rates.

The Company engages in transactions with DFI for purposes of mitigating the financial risks to which it is exposed. Positions are held with these instruments to hedge mainly the exchange rate risk since practically all of the Company's revenues are denominated in US dollars, while most of its costs and expenses, both fixed and variable, are incurred in current Mexican pesos. Consequently, with the objective of minimizing the risk of a probable depreciation of the US dollar with respect to the Mexican peso, the Company seeks hedging through the DFI. The most common types of instruments used by the company are: Foreign Currency Forwards and FX Options.

Through the use of DFI, the Company seeks to hedge its financial risks as described in the previous paragraph; however, it is also exposed to a credit risk known as "default". This credit risk is originated when the DFI counterparty does not comply with the obligations established in the relative agreement. Therefore, the Company minimizes the credit risk in its DFI positions by entering into these transactions only with financial intermediaries of excellent moral and credit quality; most of these transactions are carried out in private or over-the-counter markets with international financial institutions, although it also works with national institutions.

Management seeks to control and limit the risk, by continually reviewing its self-regulatory policies, among other actions, while the Audit Committee assumes the activities of the comprehensive risk management committee. The use and management of the DFI is the responsibility of the Chief Financial Officer, who reports on these activities to the Executive Committee on a monthly basis and on a quarterly basis to the Audit Committee and the Board of Directors.

m. Stockholders´ equity

The capital stock, legal reserves, additional paid-in capital, and retained earnings are expressed as follows: i) movements occurring after January 1, 2008 at historical cost, and ii) movements occurring before January 1, 2008 at restated values determined by applying factors derived from the NCPI through December 31, 2007 to their historical amounts. Accordingly, the various stockholders' equity components are stated at modified historical cost.

The additional paid-in capital represents the excess of the amounts paid for subscribed shares over their nominal value.

n. Repurchase of own shares

The purchase of the Company´s own shares is recorded by a charge to stockholders' equity for the purchase price, part to the capital stock at modified historical value and the remainder to retained earnings. These amounts are stated at historical cost.

o. Revenue recognition

The Company recognizes revenues in the period in which it transfers the risks and benefits of inventories to the customers acquiring them, which generally occurs when these are shipped to the customer and the latter assumes the responsibility of such goods.

p. Comprehensive financial income (expense)

Comprehensive financial income (expense) is determined by grouping in the income statement all financial expenses and income and exchange differences.

q. Income tax and flat tax

For tax purposes, Autlán and its subsidiaries, except for Compañía Recuperadora de Escorías, S. A. de C. V. and Inmobiliaria Molango, S. A., consolidate their results for income tax purposes with Grupo Ferrominero, S. A. de C. V. (parent company). The charge for income tax shown in the consolidated statement of income represents the tax incurred in the year as well as the deferred tax effects determined in each subsidiary by the assets and liability method, by applying the deferred current tax rate to the total temporary differences resulting from comparing the accounting and tax values of assets and liabilities, considering where applicable any tax loss carryforwards to the extent considered recoverable. The effect of any change in tax rates is recorded in income for the period in which the change in rate is enacted.

r. Deferred employees' profit sharing

The recognition of deferred employees' profit sharing is made based on the comprehensive assets-and-liability method, which consists of recognizing deferred employees' profit sharing for all differences between the accounting and tax values of assets and liabilities, where future payment or recovery is probable.

s. Earnings per share

Earnings per share are computed on the basis of the weighted average number of common shares outstanding during the year. There are no effects arising from potentially dilutive shares.

t. Comprehensive income

The transactions recorded in the various captions relating to earned surplus for the year, other than those carried out with the stockholders, are included in the statement of changes in stockholders' equity under the caption "comprehensive income (loss)".

u. Concentration of risks

The main financial instruments maintained by the Company with a credit risk concentration correspond to cash in banks and temporary investments, as well as trade accounts receivable. Cash and temporary investments are maintained in recognized financial institutions. The related investments are in fixed interest and money market securities. The risk concentration with respect to accounts receivable is important since at December 31, 2010, 77.81% of the total accounts receivable portfolio was concentrated in five customers (75.6% in 2009). In addition, the Company maintains allowances for doubtful accounts based on the estimated recoverability of the accounts receivable.

v. Financial information by segments

The Standard B-5 "Financial information by segments" of the MFRS, requires the Company to analyze its organizational structure and its reporting system with the purpose of identifying segments. Concerning to the presenting years, the Company has operated based on only one business segment. This segment has been determined considering types of goods and homogeneous customers.

Revenue by segment in the way the Management analyzes leads and controls the business, is shown in the statement of income.

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The account receivable at December 31, 2010 with Compañía de Energía Mexicana, S. A. de C. V. in the amount of Ps 208,564 shown in the balance sheet outside the current assets corresponds to contributions classified as contributions for future capital increases by Compañía Minera Autlán, S. A. B. de C. V.

The principal balances with related parties at December 31, 2010 and 2009 are as follows:

	2010	2009
Grupo Ferrominero S.A. de C.V.	Ps 20,822	Ps 5,877
Others	325	
Total payable	Ps 21,147	Ps 5,877

The aforementioned accounts come from lines of credit in current accounts; they do not bear interest and are considered recoverable in the short term or on demand.

The statement of income includes the following income (expenses) with related parties from transactions carried out in market conditions and at market prices:

	2010	2009
Sales of finished goods		Ps 36,472
Income from services	Ps 9,233	2,801
Interest income	5,281	4,226
Transportation services	(15,536)	(12,987)
Net financial costs	(39,235)	(17,976)
Technical services expenses	(39,235)	(17,976)
Administrative services	(20,932)	(15,250)
Other costs	(3,334)	(6,286)

For the period ended December 31, 2010, the salaries, wages and benefits paid to the principal officers of the company totaled Ps12,371 (Ps11,098 in 2009), composed of base salaries and benefits granted by law and complemented by a program of variable compensation based principally on the results of Autlán. No agreement or program exists that would involve employee share ownership.

Autlán and its subsidiaries declare that they had no significant operations with related persons or conflicts of interest to disclose.

5. INVENTORIES

Inventories comprised the following:

	2010	2009
Finished goods	Ps 202,094	Ps 213,414
Minerals and raw materials	187,115	123,050
Spare parts inventory	92,374	79,000
	481,583	415,464
Allowance for slow-moving and obsolete inventories	(449)	(449)
Total	Ps 481,134	Ps 415,015

6.PROPERTY, PLANT AND EQUIPMENT

This caption comprised the following:

	2010	2009
Land	Ps 69,134	Ps 67,127
Buildings and construction	1,297,762	1,284,917
Machinery and equipment	4,622,717	4,493,635
Furniture and equipment	43,898	41,790
Transportation equipment	36,824	45,239
Data-processing equipment	59,358	57,624
Other assets	142,658	127,716
	6,203,217	6,050,921
Less - Accumulated depreciation	(3,749,776)	(3,652,829)
	2,453,441	2,398,092
Construction in progress	150,572	96,214
Net restated value	Ps 2,673,147	Ps 2,561,433

Depreciation charged to income represented average annual rates of approximately 3% for buildings and construction and 4% for machinery, furniture and equipment in both years.

In view of the favorable conditions observed in the steel industry in 2010 and the behavior of prices of ferroalloys, and applying guidelines from MFRS C-15 "Impairment of Long-Lived Assets and their Disposal", in 2010, the company reversed the remaining impairment in the value of fixed assets that was recognized in the year 2001. The amount of the reversal for the year ended December 31, 2010 totaled Ps96,044, which is included in the caption "Other expenses net" in the income statement for the year. At December 31, 2009 the analysis of impairment carried out did not result in any adjustment to the value of assets.

7. DEFFERED CHARGES AND OTHER ASSETS - NET

At December 31, 2010 and 2009 the balance of deferred charges comprised the following:

	2010	2009
Capitalized expenses in connection with issuance of unsubordinated guaranteed notes due 2014 (a)	Ps 22,399	Ps 22,399
Mining concessions	8,433	2,683
Development, exploration and investigation expenses (b)	140,223	105,375
Other assets	6,752	8,462
	177,807	138,919
Acumulated amortization	(45,059)	(24,134)
Total deferred charges and other assets	Ps 132,748	Ps 114,785

(a) Corresponds to expenses and fees incurred in the placement of obligations maturing in 2014, being amortized by the straight-line method over the term of the obligations (see Note 9).

(b) During 2010 the Company continued to develop a subterranean mine with the purpose of exploiting it under a new, safer and more productive system. In the year ended December 31, 2010, the additional investment was Ps34,848 (Ps35,627 in 2009).

The amortization charged to income for the years ended December, 31, 2010 and 2009, totaled Ps20,925 and Ps15,108, respectively.

8. FOREIGN CURRENCY POSITION

At December 31, 2010 and 2009, the exchange rates were Ps12.36 and Ps13.06 nominal pesos to the U.S. dollar, respectively. At February 28, 2010, date of issuance of these audited financial statements, the exchange rate was Ps12.17 nominal pesos to the dollar.

Amounts shown below are expressed in thousands of U.S. dollars (US$), since this is the currency in which most of the companies' transactions are carried out.

At December 31, 2010 and 2009, the companies had the following foreign currency assets and liabilities:

	2010	2009
Monetary assets	US$ 93,843	US$ 55,780
Monetary liabilities	(51,435)	(52,162)
Foreign currency monetary position	US$ 42,408	US$ 3,618
Nonmonetary assets	US$ 106,577	US$ 95,044

The nonmonetary assets (inventories, machinery and equipment) mentioned above are those manufactured outside Mexico or whose replacement costs are determined in foreign currency and are stated at their net restated cost.

Following is a summary of the foreign currency transactions carried out:

	2010	2009
Goods and services:		
Exports	US$ 121,377	US$ 42,773
Imports	(86,501)	(33,492)

9.NOTES ISSUED

At December 31, 2010, long-term debt comprised the following:

Guaranteed unsubordinated notes (1)	Ps 494,285
Current portion	(80,465)
Long-term debt	Ps 413,820

At December 31, 2010 long-term maturities were as follows:

2012	Ps 137,940
2013	137,940
2014	137,940
	Ps 413,820

(1) During the month of December 2009, the company contracted new financing in the amount of US$40 million by issuing private debt denominated "Guaranteed unsubordinated notes". This liability's date of maturity is 2014 and it bears interest at an annual rate of 9.50%, payable monthly. These new notes are guaranteed with future inflows generated from certain domestic sales as well as a pledge placed on the Company's inventory. The resources obtained were used primarily for the advance redemption of previously issued notes in the amount of US$20.8 million, since it represents better financial benefits as compared with the previous issuance. Consent and approval was granted by the holders of these notes at a Board of Directors meeting on December 9, 2009.

The costs and expenses, including the premiums and discounts, of this new debt amounted to Ps22,399 and is being amortized over the term of the notes.

The current debt contract contains certain restrictions, primarily related to compliance with financial ratios and delivery of financial information, which if not complied with or covered to the satisfaction of the creditors within a specific time period, could be considered as an event of default requiring immediate repayment of the notes. At December 31, 2010, Autlán and its subsidiaries had complied satisfactorily with the aforementioned restrictions and commitments.

At December 31, 2010 and 2009, there were cash deposits (restricted cash) that assured the upcoming maturities of principal and interest on the above notes. At December 31, 2010 and 2009, these deposits totaled US$475 for both years (equivalent to Ps5,870 and Ps6,203 respectively), which form part of "Cash and temporary investments" in current assets.

10. NOTES PAYABLE

At December 31, 2010 and 2009, the notes payable are analyzed as follows:

	2010	2009
Financial lease contract	Ps 4,066	Ps 14,203
Other unsecured loans	5,204	4,585
Current portion of notes payable	(6,904)	(14,380)
Long-term debt	Ps 2,366	Ps 4,408

The Company maintains financial leasing contracts for the acquisition of machinery that bear an interest at an average annual rate of 6%. This lease is payable in equal monthly installments, the last of which is due July 2011.

11. DERIVATIVE FINANCIAL INSTRUMENTS

During the year that ended December 31, 2010, the company acquired and settled derivative financial instrument contracts negotiated at short-term to cover exchange rate and natural gas price risks.

a) Exchange rates

The Company's strategy to hedge the exchange rate risk factor during 2010 was of short-term coverage and paid in full all operations with maturity dates during the year.

b) Energy

Open positions in derivative financial instruments of natural gas at December 31, 2010 correspond to 7 contracts with notional amount of 720,000 MMBTU and maturity dates in the short-term and with a total market value of Ps1,519 (US$122,889), which are shown in the balance sheet in the caption of "Other accounts receivable".

During the years ended December 31, 2010 and 2009, the company recorded credits and charges, respectively, to income of Ps18,767 and Ps112,421, for the valuation and settlement of contracts in force those years.

12. ESTIMATED LABOR BENEFITS

a. Reconciliation between initial and final balances of the present value of defined benefit obligations (DBO) for the years 2010 and 2009:

	Pension plan	Seniority premiums	Severance indemnities	Other retirement benefits	Total
DBO at January 1, 2010	Ps 32,280	Ps 25,853	Ps 13,130	Ps 2,564	Ps 73,827
Add (deduct):					
Labor cost of current service	2,796	1,209	761	411	5,177
Financial cost	2,877	2,258	1,135	201	6,471
Actuarial (gains) losses in year	4,298	720	(2,429)	221	2,810
Payments	(560)	(1,866)	(681)	(666)	(3,773)
DBO at December 31, 2010	Ps 41,691	Ps 28,174	Ps 11,916	Ps 2,731	Ps 84,512

	Pension plan	Seniority premiums	Severance indemnities	Other retirement benefits	Total
DBO at January 1, 2009	Ps 26,338	Ps 22,492	Ps 10,488	Ps 2,433	Ps 61,751
Add (deduct):					
Labor cost of current service	2,771	1,090	715	433	5,009
Financial cost	2,390	1,945	917	194	5,446
Actuarial loss in year	1,340	1,185	1,409	136	4,070
Reductions	(559)	(859)	(399)	(632)	(2,449)
DBO at December 31, 2009	Ps 32,280	Ps 25,853	Ps 13,130	Ps 2,564	Ps 73,827

b. The value of vested benefit obligations at December 31, 2010 and 2009 was Ps45,093 and Ps40,070, respectively.

c. Reconciliation between the projected net liabilities recorded in the balance sheet, the DBO and the amounts pending amortization, is shown below:

	Pensions December 31,		Seniority premiums December 31,		Indemnities December 31,		Other retirement benefits December 31,		Total	Total
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Labor liabilities										
DBO	Ps 41,691	Ps 32,280	Ps 28,174	Ps 25,853	Ps 11,916	Ps 13,130	Ps 2,731	Ps 2,564	Ps 84,512	Ps 73,827
Fair value of plan assets	(29,142)	(31,206)							(29,142)	(31,206)
Funding position	12,549	1,074	28,174	25,853	11,916	13,130	2,731	2,564	55,370	42,621
Less items to be amortized:										
Actuarial losses	(1,799)	6,713	4,059	5,193					2,260	11,906
Transition liability		(36)	(3)	(253)	(327)	(502)		(1)	(330)	(792)
Net projected liabilities	Ps 10,750	Ps 7,751	Ps 32,230	Ps 30,793	Ps 11,589	Ps 12,628	Ps 2,731	Ps 2,563	Ps 57,300	Ps 53,735

d. Net period cost (NPC)

An analysis of the NPC by type of plan is as follows:

	Pensions December 31,		Seniority premiums December 31,		Indemnities December 31,		Other retirement benefits December 31,		Total	Total
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
NPC:										
Labor cost of service	Ps 2,796	Ps 2,771	Ps 1,209	Ps 1,090	Ps 761	Ps 715	Ps 411	Ps 433	Ps 5,177	Ps 5,009
Financial cost	2,877	2,390	2,258	1,945	1,135	917	201	194	6,471	5,446
Return on plan assets	(2,551)	(2,694)							(2,551)	(2,694)
Actuarial (gain) or loss	(68)	(311)	(232)	(413)	(2,428)	1,409	226	136	(2,502)	821
Labor cost of prior service		37	72	72	167	167		8	239	284
Other			(1,866)		(681)		(666)		(3,213)	
Total	Ps 3,054	Ps 2,193	Ps 1,441	Ps 2,694	(Ps 1,046)	Ps 3,208	Ps 172	Ps 771	Ps 3,621	Ps 8,866

e. Principal actuarial hypotheses:

The principal actuarial hypotheses used, expressed in absolute terms, the discount rates, the return on assets, salary increases and changes in indexes and other variables, referred to December 31, 2010 and 2009, were the following:

Concept	2010	2009
	% (*)	% (*)
Discount rate	7.98	8.42
Rate of return	7.98	8.42
Rate of salary increase	4.79	5.03
Rate of minimum salary increase	3.75	4.25

(*) Annual nominal

13. STOCKHOLDERS' EQUITY

From January 1, 2008 onwards the capital stock, legal reserve, additional paid-in capital and retained earnings are stated in modified historical Mexican pesos (see Note 2).

At December 31, 2010 the fixed minimum capital stock without right of withdrawal, fully subscribed and paid-in, amounted to Ps72,268, and was represented by 106,656,929 Series "B", common nominative shares without par value and variable capital stock represented by 165,250,087 shares Series "B", common nominative shares without par value.

At December 31, 2010, Autlán had 546,000 shares held in treasury; each such share had a market value of Ps30.92 pesos at such date (Ps34.90 at the date of issuance of these financial statements).

At December 31, 2010, the retained earnings included Ps230,127 appropriated to the legal reserve.

In a meeting held on April 29, 2009, the stockholders declared a dividend of Ps0.3957 per share of Series "B", equivalent to Ps107,593.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account, the balance of which at December 31, 2010 and 2009 was Ps1,237,698 and Ps729,972 respectively. Any dividends paid in excess of this account will cause a tax equivalent to 42.86% if they are paid in 2010. This tax is payable by the Company and may be credited against its income tax in the same year or the following two years or, if applicable, against the Flat tax of the year. Dividends paid from previously taxed profits are not subject to any tax withholding or additional tax payment.

In the event of capital stock reductions, any excess of stockholders' equity over capital contributions, the latter inflation-indexed in accordance with the provisions of the Mexican Income Tax Law, is accorded the same tax treatment as dividends.

14. OTHER (EXPENSE) INCOME, NET

Management follows the practice of recording in this caption expenditures that are not directly identified with its main activities. These consist mainly of employees' profit sharing, tax surcharges, fines, technical services, nonrecurring expenses and other provisions.

15. INCOME TAX AND FLAT TAX

a. INCOME TAX:

In 2010 the Company and subsidiaries determined a tax profit of Ps808,236 (a tax loss of Ps175,846 in 2009). The tax result differs from the accounting result, mainly items taxed or deducted on a different basis or in different time periods for accounting and tax purposes, and due to the recognition of the effects of inflation for tax purposes, as well as items that only affect either accounting or taxable income.

Based on its financial and tax projections, the Company's management determined that the primary tax it will pay in the future will be the Income tax rather than the flat tax. Therefore it has recognized deferred Income tax rather than deferred Flat tax.

On December 7, 2009 the Income Tax Law was amended in several respects. The income tax rate applicable from 2010 to 2012 will now be 30%, for 2013 it will be 29% and from 2014 onward it will be 28%. At December 31, 2009, this rate change produced a reduction in the deferred income tax balance of Ps5,237, with a corresponding effect in income for the year was determined based on the expectation of the reversal of the temporary differences at the expected effective rates. Also, the possibility of using credits for the excess of deductions on taxable income for Flat tax purposes (credit of flat tax loss) in order to reduce the Income tax payable was eliminated. However, these credits may still be credited against the Flat Tax base.

b. FLAT TAX:

For the year ended December 31, 2010, the Company had no Flat tax liability since its income tax liability was greater than the amount determined for flat tax. In 2009 the Company determined tax profit of Ps211,058 that caused flat tax payable of Ps35,880, which exceeded the income tax payable. The result differs from the accounting result primarily because, for accounting purposes the transactions are recognized on an accrual basis, while for tax purposes they are recognized on a cash basis, and because certain items only affect the accounting or tax income of the year.

Flat tax for 2010 is calculated at the 17.5% rate (17% for 2009) on the profit determined based on cash flows. This profit represents the difference between the total income collected from taxable activities, less the authorized deductions paid. In addition, this amount is then reduced by certain Flat tax credits, based on the procedures established in the law. In 2011 the Flat tax rate will be 17.5%.

In accordance with the current tax law, the Company must pay annually the greater of Income tax and Flat tax.

The net (charge) credit to consolidated income for taxes was as follows:

	2010	2009
Flat tax currently payable		(Ps 35,880)
Income tax currently payable	(Ps 191,554)	
Deferred income tax	(129,238)	(9,466)
Total	(Ps 320,792)	(Ps 45,346)

The reconciliation between the statutory and effective income tax rate is shown below:

	2010	2009
Profit (loss) before income tax	Ps 834,654	(Ps 61,557)
Income tax at statutory rate (30% in 2010 and 28% in 2009)	(Ps 250,396)	Ps 17,236
Add (deduct) effect of income tax on:		
Accounting and tax effects on inflation	1,322	(1,545)
Non-deductible expenses	(2,699)	(9,177)
Effect of non-deductible investments	(5,736)	
Valuation reserve on tax losses and asset tax	(17,784)	
Effect of change in tax rate		5,237
Flat tax		(35,880)
Other permanent differences, net	(45,499)	(21,217)
Total income tax provision charged to income	(Ps 320,792)	(Ps 45,346)
Effective income tax rate	38.4%	

At December 31, 2010 and 2009, the principal temporary differences on which deferred income tax was recognized were as follows:

	2010	2009
Allowance for doubtful accounts	Ps 49,245	Ps 54,104
Inventories	28,201	29,172
Property, plant and equipment, net	(2,382,638)	(2,189,315)
Other assets	(266,255)	(230,002)
Valuation of derivative financial instruments		85,138
Liability provisions	52,686	31,824
Employees' profit sharing	90,375	
Estimated labor benefits	57,300	53,735
Tax loss carryforwards	67,677	175,846
	(2,303,409)	(1,989,498)
Income tax at composite statutory rate	28.05%	27.7%
	(646,106)	(551,822)
Asset tax recoverable	34,526	32,715
Valuation reserve (a)	(36,765)	
Deferred income tax liability	(Ps 648,345)	(Ps 519,107)

(a) The valuation reserve was recognized due to the uncertainty as to whether the tax losses in the subsidiaries, were recoverable as the Asset Tax paid until 2007.

The deferred income tax liability recorded at December 31 was charged as follows:

	2010	2009
Balance from prior year	(Ps 519,107)	(Ps 509,641)
Deferred tax effect for the year	(129,238)	(9,466)
Balances at end of years	(Ps 648,345)	(Ps 519,107)

Consolidated tax loss carryfowards are susceptible of restatement at the date of their amortization against future taxable income and expire in the following years:

2011	Ps 5,770
2012	7,961
2013	2,614
2014	2,774
2015	1,592
2016	1,921
2017	1,815
2018	2,651
2019	25,563
2020	15,016
	Ps 67,677

The previous losses are shown restated for tax effects until December 31, 2010.

Asset tax in excess to income tax effectively paid until December 31, 2007, (date in this tax was abrogated) is susceptible to a return in accordance with the established method in the Flat Income Tax Law. The Company has the right to request the return of the asset tax for an accumulated amount of Ps34,526, which in integrated as follows:

Year in which the tax was paid	Restarted amount	Year in which the request of return expires
2002	Ps 6,718	2012
2003	11,116	2013
2004	16,692	2014
	Ps 34,526	

16. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In January 2009, the Mexican National Banking and Securities Commission published changes to the rules applicable to companies listed on the Mexican Stock Exchange requiring them to prepare their financial information based on IFRS commencing in 2012. Early adoption of this change is permitted.

Commencing September 30, 2010 and line with the foregoing, the Company adopted the provisions of MFRS Interpretation 19 "Changes resulting from the adoption of International Financial Reporting Standards" issued by the Mexican Financial Reporting Standards Board, which requires companies to disclose the principal effects of the adoption of IFRS in relation to the figures of the financial statements prepared under MFRS. However, since the Company is currently in the process of converting its financial statements to IFRS, the impact of the adoption of IFRS has not been determined yet.

19. NEW FINANCIAL REPORTING STANDARDS

During December 2010 and 2009, the Mexican Financial Reporting Standards Board issued a series of Mexican Financial Reporting Standards (MFRS), which will become effective as of January 1, 2011. It is believed that such MFRS will not substantially affect the financial information presented by the Company, as explained below:

MFRS B-5 "Financial Information by Segments". It amends the general standards for disclosing financial information by segments, allowing the user of such information to analyze the company from the same viewpoint as its management does, and allowing segment information to be presented in a manner more consistent with its financial statements. This standard supersedes Bulletin B-5 "Financial Information by Segments" effective up to December 31, 2010.

MFRS B-9 "Interim Financial Information". It amends the standards for the determination and presentation of interim financial information for external use, and requires the presentation of statements of changes in stockholders' equity and of cash flows; such statements were not required by Bulletin B-9 "Interim financial information", effective up to December 31, 2010.

MFRS C-4 "Inventory". It amends the standards of valuation, presentation and disclosure for the initial and subsequent recognition of inventory. It also eliminates the direct cost method as a permitted valuation system, and also eliminates the last-in, last-out (LIFO) valuation method. This standard supersedes Bulletin C-4 "Inventory" effective up to December 31, 2010.

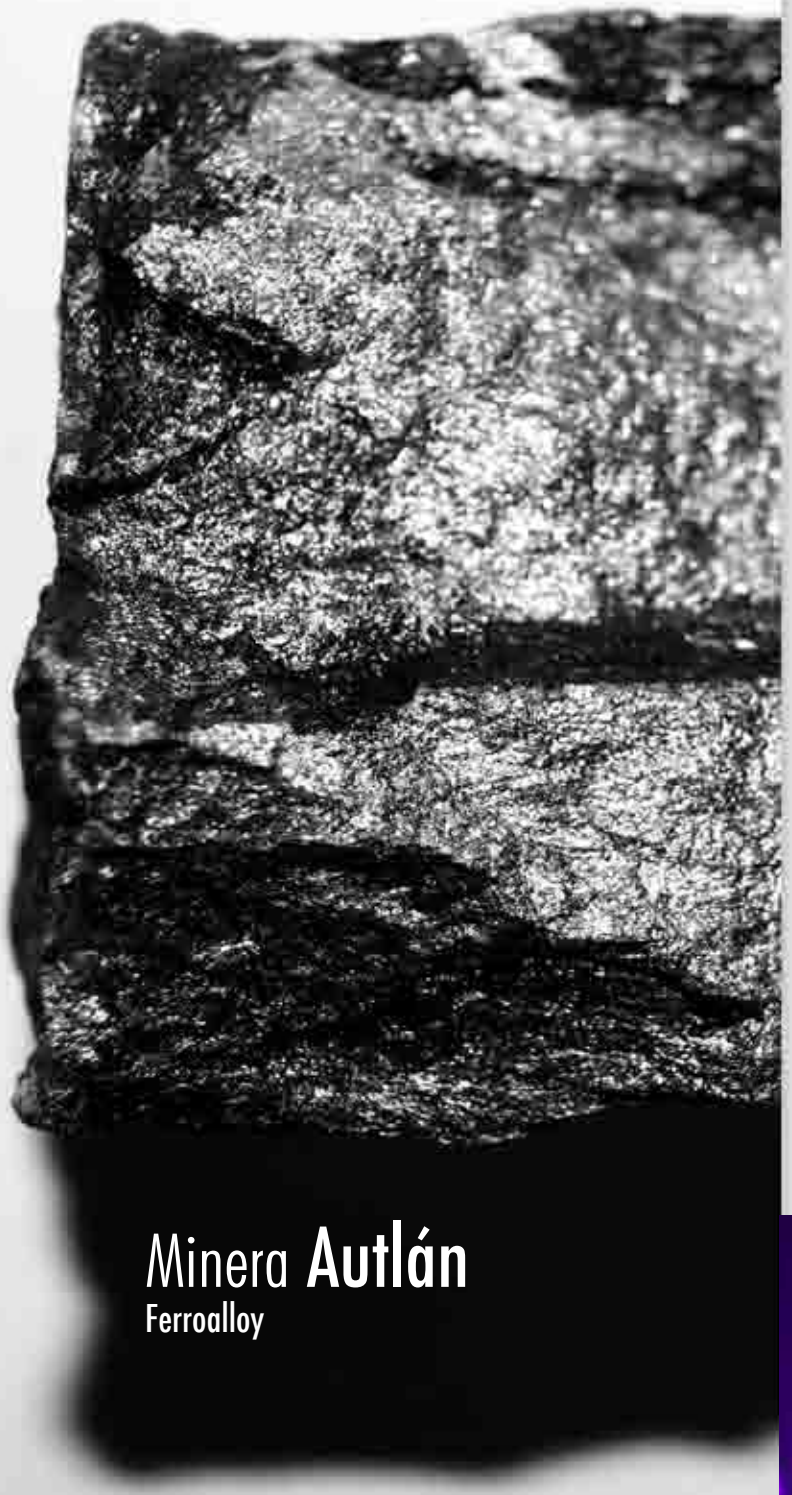
MFRS C-5 "Advance payments", establishes the standards of valuation, presentation and disclosure of advance payments. It also establishes that advance payments for the purchase of inventory, real estate, machinery and equipment should be presented in the advance payment caption and not in inventory or property, machinery and equipment, as previously required; additionally it establishes that advance payments related to the acquisition of assets should be presented in the balance sheet as current or non-current assets in accordance with the classification of the asset being acquired. This standard supersedes Bulletin C-5 "Advance payments" effective up to December 31, 2010.

MFRS C-6 "Property, plant and equipment", amends the standards of valuation, presentation and disclosure related to property, plant and equipment; it also establishes that: a) property, plant and equipment used to develop or maintain biological and extractive industry assets are now included in its scope, and b) the requirements to depreciate components of a property, plant and equipment item, in accordance with the useful life of the component rather than the useful life of the item taken as a whole. This MFRS becomes effective as of January 1, 2011, with the exception of the changes arising from the segregation of components which have a useful life clearly different from that of the main asset. This requirement will become effective for periods commencing January 1, 2012. This standard supersedes Bulletin C-6 "Property, plant and equipment", effective up to December 31, 2010.

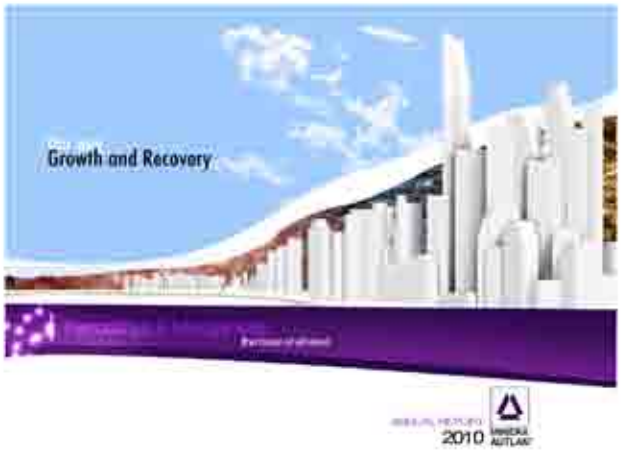
MFRS C-18 "Liabilities associated with asset retirement and environmental restoration". It establishes the standards for initial and subsequent recognition of a provision relative to liabilities associated with the retirement of equipment components as well as the requirements for valuation of a liability associated with a component retirement, and the disclosures that should be presented by a company which has a liability associated with a component retirement.

José H. Madero M.	Gustavo Cárdenas A.
Chief Executive Officer	Chief Financial Officer


Minera Autlán
Ferroalloy casting



Minera **Autlán**
Ferroalloy



Our Cover

Our way Growth and Recovery: That is the topic we are living on day by day for now, which we ilustrate through a building concept showing growth, strength and development, all together over a manganese-ferroalloy base. The clean sky with a few clouds reflects a well-being state, recovery and eviromental responsibility. The lower bar with our institutional color is a great support which has no end.

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