

Revised July 28, 2011

**Rule 15c2-11
Information and Disclosure Statement
For the Three Months Ended March 31, 2011**

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THIS INFORMATION AND DISCLOSURE STATEMENT HAS BEEN PREPARED TO FULFILL THE REQUIREMENTS OF (1) RULE 15C2-11(A) (5) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED AND (2) THE COMPANY'S BY-LAWS. IT IS INTENDED AS INFORMATION TO BE USED BY SECURITIES BROKERS AND DEALERS IN SUBMITTING OR PUBLISHING QUOTATIONS ON THE COMMON STOCK OF THE COMPANY AS CONTEMPLATED BY RULE 15C2-11.

NO BROKER, DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED HEREIN IN CONNECTION WITH THE COMPANY. ANY REPRESENTATIONS NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN MADE OR AUTHORIZED BY THE COMPANY.

THIS STATEMENT HAS NOT BEEN FILED BY THE COMPANY WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC), THE FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA) OR ANY OTHER REGULATORY AGENCY.

May 23, 2011

Table of Contents

	Page
Introduction	1
Recent Developments and Significant Matters.....	2
Risk Factors.....	7
Forward Looking Statements.....	17
ITEM (i): The exact name of the issuer and its predecessor (if any)	18
ITEM (ii): The address of its principal executive offices.....	18
ITEM (iii): The state and date of incorporation, if it is a corporation	18
ITEM (iv): The exact title and class of each class of securities outstanding	18
ITEM (v): The par or stated value of the security.....	21
ITEM (vi): The number of shares or total amount of the securities outstanding for each class of securities as of the end of the issuer's most recent fiscal year.....	21
ITEM (vii): The name and address of the transfer agent.....	21
ITEM (viii): The nature of the issuer's business.....	21
ITEM (ix): The nature of products or services offered.....	23
ITEM (x): The nature and extent of the issuer's facilities	24
ITEM (xi): The name of the chief executive officer and members of the board of directors.....	26
ITEM (xii): issuer's most recent balance sheet and profit and loss and retained earnings statements	28
ITEM (xiii): Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.....	28
ITEM (xiv): Whether broker or dealer or any associated person is affiliated, directly or indirectly with the issuer	28
ITEM (xv): Whether the quotation is being published or submitted on behalf of any other broker or dealer, and, if so, the name of such broker or dealer	28
ITEM (xvi): Whether the quotation is being submitted or published directly or indirectly on behalf of the issuer, or any director, officer or any person, directly or indirectly the beneficial owner of more than 10 percent of the outstanding units or shares of any equity security of the issuer, and, if so, the name of such person, and the basis for any exemption under the Federal securities laws for any sales of such securities on behalf of such person.....	28
Information Concerning the Stockholders and the Common Stock.....	29

Selected Financial Data33

Certifications34

Consolidated Financial Report – Exhibit A

Management’s Discussion and Analysis – Exhibit B

Introduction

The information contained in this Information and Disclosure Statement ("Statement") has been prepared to fulfill the requirements of Rule 15c2-11(a) (5) under the Securities Exchange Act of 1934, as amended, and provides certain additional supplemental information. Although this Statement relates to the three months ended March 31, 2011, it should be read in conjunction with the Information and Disclosure Statements for the year ended December 31, 2010, and the three month period ended March 31, 2010. As used herein, "Ormet", the "Company", "we" and "our" shall mean Ormet Corporation, together with its subsidiaries, unless otherwise specified or the context otherwise requires. Throughout the document, references to the term 'tons' shall mean metric tonnes, consisting of 2,204.62 pounds.

Ormet Corporation is a major producer of primary aluminum in the United States. Its aluminum smelter, located in Hannibal, Ohio, is capable of producing 270,000 tons of aluminum per year. The Company also owns an alumina refinery and a marine terminal, both of which are located in Burnside, Louisiana, and are currently idled. When operating, the alumina refinery is capable of producing 540,000 tons of smelter grade alumina per year. Ormet Corporation directly owns 100 percent of the equity interests of its subsidiaries (Ormet Primary Aluminum Corporation, Ormet Aluminum Mill Products Corporation, Specialty Blanks Holding Corporation, Ormet Railroad Corporation (inactive), Ormet Primary LLC (inactive) and Ormet Power Marketing LLC (inactive)). Ormet Corporation and its subsidiaries are all organized under the laws of the State of Delaware.

Ormet's only operating unit during the first three months ended March 31, 2011 and year ended December 31, 2010 was the aluminum smelter located in Hannibal, Ohio. The Company periodically reviews the status of the curtailed facilities to determine if it is financially feasible to reopen, sell or otherwise dispose of them. Such an analysis was recently performed, and the Company made a decision on February 23, 2011 to restart the Burnside, LA alumina refinery, subject to obtaining acceptable financing. The Company entered into amendments to its financing agreements on May 6, 2011 which management believes will allow the restart of the alumina refinery to occur by the beginning of the fourth quarter 2011. There has not been a final determination regarding the billet casting operations, which has been idled since October 2007, at this time. The Company ceased operation at its marine terminal, located in Burnside, LA, in 2007 and is reflected in the Company's balance sheet as held for sale as of March 31, 2011 (see the attached Exhibit A, Note 13). On May 11, 2011 the Company entered into an Asset Purchase Agreement (APA) for the sale of its Burnside, Louisiana marine terminal assets and certain specified parcels of land. The closing is anticipated to occur in the second quarter 2011. The net proceeds will be distributed in accordance with the terms of the Company's Term Loan and Security Agreement. At the closing a separate Terminal Services Agreement (TSA) will be executed which will provide loading and unloading services to the Burnside alumina refinery. The TSA has an initial term of 30 years. There can be no assurance that the terminal assets will be sold as contemplated by the Company.

An investment in the Company's common stock entails significant risks. This Statement does not contain all the information that an investor may consider important. Additional information, including certain important documents pertaining to the Company, can be accessed through the "Investors" section of the Company's website at www.ormet.com. Copies of the Company's Second Amended and Restated Certificate of Incorporation, the Company's Amended and Restated By-Laws, the Company's Amended

and Restated Loan and Security Agreement dated March 1, 2010 with Wachovia Capital Finance Corporation (Central) as Administrative Agent, documentation relating to the Company's Term Loan due 2014 and other important documents are available in the "Investors" section of the Company's website, www.ormet.com.

For information concerning the Company's Common Stock, see the information under the caption **Information Concerning the Stockholders and the Common Stock** beginning on page 29.

Recent Developments and Significant Matters

Financing and Restart of the Alumina Refinery

In anticipation of rising purchased alumina prices, the Company performed an operational and financial feasibility review of restarting the Burnside, LA alumina refinery. The Company made a decision on February 23, 2011 to restart the Burnside, LA alumina refinery, subject to obtaining acceptable financing. On May 6, 2011, the Company entered into Amendment 1 of the Loan and Security Agreement (Term Loan') with the holders of the \$110 million Term Loan ("Term A Loan") and at the same time, amended the current revolving credit facility as described below. The amendment to the Term Loan provided for an additional loan ("Term B Loan") with a face value of \$30 million that matures on March 2, 2014 and was issued at a 5 percent original issue discount ("OID"). The Term B Loan also bears interest at 14 percent per annum, payable in cash quarterly. The Term B Loan is pre-payable at par by the Company after March 1, 2012, with all other terms and conditions (including inter-creditor agreements) remaining substantially the same as the Term Loan described below. The Term Loan was also amended to allow for the additional debt, revise the capital spending limitations for 2011 and 2012, and allow for the State of Louisiana to take a first mortgage on a parcel of land at Burnside in conjunction with entering into a \$1.5 million Economic Development Loan Program which the Company has currently applied for. At the same time with the Amendment to the Term Loan, the Company entered into an amendment of the asset based lending facility ("ABL Facility") (described below) agreed to amend the ABL Facility. The amendment increased the credit limit to \$60 million from \$50 million. The ABL Facility was amended to allow for the additional debt, revise the capital spending limitations for 2011 and 2012, and, as noted above, allow for the State of Louisiana to take a first mortgage on a parcel of land at Burnside in conjunction with entering into a \$1.5 million Economic Development Loan Program. The Company believes that the proceeds of the new debt under the Term Loan and the increased ABL Facility availability and support from the State of Louisiana will provide sufficient funds and liquidity to restart and operate the alumina refinery.

The Company has begun hiring employees and equipment refurbishment and other maintenance to bring the refinery back online with a targeted restart in 2011 fourth quarter.

Metal Sales and Tolling Agreements

The Company has toll sales contracts with Glencore, Ltd. ("Glencore") and Trafigura AG ("Trafigura") where the Company will convert these customers' alumina into aluminum for a fee. These tolling agreements are for approximately 61 percent of its aluminum production for 2011 through

March 2012. Both customers are international commodity traders. Pricing is based on a percentage of the London Metals Exchange Aluminum Price (“LME”) for the month of production. The balance of the Company’s production is under sales agreements with other commodity traders and is currently priced based on the LME price for the month of production. All of the customer contracts provide for advance pricing of future sales, at the Company’s option. In April 2011, the Company entered into a series of forward fixed price hedging contracts of which approximately 3,000 tons per month were designed to mitigate any exposure from declines in the LME from April 2011 through December 2011. Also in April 2011, the Company entered in to another series of forward contracts for the purpose of hedging an additional 1,500 tons per month from April 2012 through December 2012. For the periods of May 2011 through December 2011 and January 2012 through December 2012, approximately 97 percent and 30 percent, respectively, of the metal units available to be pre-priced have been locked in at an array of prices via pre-pricing or hedging agreements.

Supply Agreement for Bauxite

On December 9, 2010, the Company entered into a bauxite purchase contract with Vale International, SA for 2011 and 2012. The bauxite will be delivered over the second half of 2011 and ratably over 2012. The bauxite, produced by Mineração Rio do Norte (MRN), will supply a major portion of its requirements for the Burnside alumina refinery when restarted. The Burnside alumina refinery consumes approximately 1.2 million tons of bauxite annually when operating at capacity. The contract is non cancellable by either party; therefore the Company will be required to purchase the full amount dictated by the contract. The price is based on the ‘MRN Formula Price’, which considers changes in the price of alumina and aluminum.

Status of Idled Hannibal Smelter Potlines

During nearly all of 2010, the Hannibal smelter operated at two-thirds of capacity with four potlines operating out of six available. LME pricing and market conditions during the fourth quarter of 2010 showed sufficient improvement from the depressed levels of 2009 for management to make the decision to restart the two idled potlines. One potline was energized on December 13, 2010 and was completed on January 3, 2011. The other idled potline was energized on January 31, 2011 and completed on February 12, 2011.

Amended Credit Facility and Refinancing of Outstanding Debt

On March 1, 2010, the Company completed a refinancing of its Senior Secured Subordinated Notes due November 1, 2010 and Subordinated Term Note due November 30, 2010 (collectively the “Old Notes”) with term loans borrowed under a Term Loan and Security Agreement (now amended as described above) entered into with Bank of New York Mellon as agent and certain lenders party thereto. The Term A Loan was made in the principal amount of \$110.0 million, issued with a 5 percent OID, and matures March 2, 2014. At the same time, the Company and Wells Fargo Capital Finance, LLC (formerly known as Wachovia Capital Finance Corporation (Central)) as agent for the banking syndicate, executed an Amended and Restated Loan and Security Agreement for an asset backed loan facility with a maximum credit limit of \$50.0 million which expires on March 1, 2013. The ABL Facility was amended, as

noted above, to increase the credit limit to \$60 million. Funding for the refinancing occurred on March 2, 2010. The ABL Facility is secured in first priority by cash, accounts receivable and inventory, while the Term Loan is secured in first priority by the Company's plant, property, equipment and other assets. Each lender has a second lien right on the other lender's first-lien collateral. The lenders under the Term Loan were investment funds affiliated or managed by Wayzata Investment Partners LLC (collectively, "Wayzata"). Wayzata was also the majority holder of the Old Notes.

In addition to paying down the outstanding principal, accrued interest and prepayment premium on the Old Notes, the remaining proceeds from the refinancing were used to make a contribution of \$23.8 million to the Company's pension plan, pay transaction fees, as well as to pay off the then outstanding loans under the Company's previous Loan and Security Agreement, with \$18.6 million remaining in cash at closing to be used for general corporate purposes. The contribution into the Company's defined benefit pension plan allowed the PBGC to release its lien that was granted when the Company received a funding waiver for the 2006 plan year pension contribution.

The Term A Loan has a 14 percent interest rate per annum, payable quarterly. In addition, a detachable five year warrant was issued to the lenders under the Term A Loan to purchase 1,850,000 shares of the Company's common stock for \$3.00 per share, subject to adjustment. The warrant is exercisable in whole or in part at any time and from time to time prior to March 1, 2015.

In conjunction with the refinancing, the detachable warrants associated with the Old Notes, which remain outstanding and immediately exercisable, were amended to extend the expiration date from November 1, 2011 to March 1, 2015. After the refinancing, outstanding warrants for purchase of the Company's common stock totaled 4,783,333 with an average exercise price of \$4.51/share. On May 3, 2011, 153,066 warrants associated with the Old Notes were exercised by a holder not related to Wayzata, with the Company receiving \$0.5 million.

The ABL Facility amended and restated the previous Loan and Security Agreement which was to expire on March 1, 2010. The ABL Facility is subject to borrowing base availability calculation for accounts receivable and inventory. The calculated borrowing base availability is subject to a reserve of \$2.0 million or the amount of the upcoming quarterly pension contribution, whichever is greater. Interest, as elected by the Company, is based on the London Interbank Offered Rate ("LIBOR") plus 2.75 percent per annum with a 2 percent per annum minimum LIBOR, or the prime rate plus 0.50 percent per annum depending on the interest method elected. The ABL also has a commitment fee of 0.625 percent per annum payable monthly on the unused portion of the facility from time to time.

Supply Agreement for Electricity

On September 16, 2009 the Company and Columbus Southern Power Company and Ohio Power Company (collectively AEP) executed a power agreement reflecting the terms as approved by the Public Utilities Commission of Ohio (PUCO) on July 15, 2009.

Under the power agreement, for calendar years 2010 through 2018, the PUCO approved the link of the Company's electric rate to the LME, but modified the agreement to include a maximum annual

electric discount for the Company of \$60 million annually for the years 2010 and 2011. For the year 2012 the annual maximum amount is \$54 million which is reduced by \$10 million each year thereafter from 2013 until phased out by 2018. Commencing in 2013, Ormet may use, in any current year, any unused portion of the maximum discount from previous years, subject to the discount limit in the current year. On a monthly basis, the maximum discount cannot exceed 12.5 percent of such annual limit. This discount will be subject to reduction if employment levels at the Hannibal facility fall below 601 employees. For the three months ended March 31, 2011, the Company's recognized average cost of electricity consumed was \$32.89 per MWh, while the cash cost was \$23.73 /MWh

Under the agreement, the Company will receive up to the annual maximum electric rate discount if aluminum pricing on the LME falls below annual targeted levels. The targeted LME price is calculated to provide zero free cash flow based on the PUCO approved electric tariff rate for large industrial customers in force at the time of the calculation. The Company is required to submit the targeted LME price for the following year to the PUCO by October 1 of the then current year based on the Company's then current forecast. For the year 2011, the target LME price was filed with the PUCO at \$3,392 per ton. The discount received by the Company in 2011 is based on a reduction to the GS-4 rate then in effect. For every \$1 decrease to the average annual LME target price, the electric rate is reduced by \$0.038 per MWh during 2011.

On November 12, 2009, AEP filed an appeal to the Supreme Court of the State of Ohio ('State Supreme Court') regarding PUCO's orders approving the Company's contract with AEP. While the Company can never predict the outcome of litigation, the Company maintains that the PUCO acted entirely within its statutory authority in approving the Company's contract with AEP, and that the orders approving the contract therefore should be upheld on appeal. The essence of AEP's appeal is that the PUCO should not have ordered it to enter into a contract where AEP cannot recover from other customers all delta revenues (the difference between the contract rate and AEP's standard rate) arising from the discount the Company receives (in this case, the PUCO denied AEP recovery of the portion of delta revenues related to its provider of last resort charge). AEP is seeking to be allowed to recover such provider of last resort amounts from its other ratepayers each year under the contract. The Company has intervened in the case and intends to vigorously defend the PUCO's orders. On March 22, 2011 all parties appeared before the full State Supreme Court and presented their oral arguments. The Court's opinion has not yet been issued, but is expected in the second half of 2011

Alumina Contracts

During 2011, the alumina required for production based on the tolling agreements is being supplied by the respective customers. Alumina requirements for 2011 in excess of carryover purchases from 2010 contracts will be filled from spot purchases and production from the Company's alumina refinery when it is restarted.

Supply Agreements for Carbon Anodes

The Company has entered into a series of contractual arrangements to obtain a sufficient supply of carbon anodes for its 2011 production levels. The value of anodes remaining in inventory as of March

31, 2011 was approximately \$60.5 million. Due to favorable credit terms and in anticipation of restarting the two idled potlines, the Company purchased anode quantities in excess of its four line operation for the fourth quarter of 2010. Increases in raw material prices used to manufacture anodes have resulted in higher purchased anode prices in the first quarter 2011. As a result, prices for anodes purchased during the first three months of 2011 were 22 percent higher compared to the same period in 2010. There is no assurance that anode costs will not continue to increase.

Collective Bargaining Agreements

The Company's collective bargaining agreement at the Hannibal facility expires on May 31, 2011. The Company has recently begun negotiations for a new labor agreement for the Hannibal smelter.

On March 1, 2011, the Company and the USWA entered into a new collective bargaining agreement that will cover hourly workers at the Burnside, LA alumina refinery when the refinery is restarted. The agreement has an expiration date of December 31, 2014.

Discontinued Operations

The Company continues to report costs associated with discontinued operations, specifically, the marine terminal which is held for sale. Ormet continues to incur fixed costs associated with its continued ownership of the marine terminal, which include legacy employee costs, and other fixed overhead costs.

The Company was a party to a multi-employer pension plan covering International Longshoremen's Association ("ILA") members. The curtailment of operations at the marine terminal triggered a withdrawal liability under the multi-employer pension fund. The Company was notified in 2008 that the withdrawal liability was \$1.8 million and during the second quarter of 2008 the Company began to make quarterly payments to pay the liability over the next 13 quarters including principal and interest. As of March 31, 2011, the Company has paid \$1.8 million including interest. The remaining liability including interest was \$149,000 as of March 31, 2011. The final payment will be made on May 31, 2011.

Status of Customer Breach of Alumina Sales Contract

In 2006 an international customer advised the Company that it would not take delivery of the remainder of the alumina (approx. 84,800 tons) that the customer was contractually obligated to purchase from the Company at a fixed price of \$521 per ton. Attempts to negotiate a settlement with this customer were unsuccessful and an arbitration process before the International Court of Arbitration of the International Chamber of Commerce commenced.

On April 13, 2010, both parties agreed to, and submitted stipulations of dismissal to the International Court of Arbitration of the International Chamber of Commerce and motions in the respective Courts of original filing to withdraw their respective lawsuits, and on April 16, 2010, notified the Supreme Court of India that the suits have been withdrawn and the pending appeal is to be canceled. As a result of the settlement agreement, neither party paid or collected any monetary damages to or from each other.

The agreement also applied to the arbitration that was pending before the International Court of Arbitration of the International Chamber of Commerce. As required by U.S. Generally Accepted Accounting Principles (GAAP), the Company reversed a previously recorded contingent liability of \$3.2 million on March 31, 2010.

Risk Factors

These Risk Factors should be read in conjunction with Recent Developments and Significant Matters.

Risks Related to the Company's Business

Cyclical fluctuations in the primary aluminum industry can cause significant variability in the Company's earnings and cash flows

The Company's operating results depend on the market for primary aluminum, which is a cyclical commodity with prices subject to global market forces of supply and demand and other related factors such as speculative activities by market participants, production activities by competitors and political and economic conditions, as well as production costs in major production regions. A substantial increase in primary aluminum production capacity could further affect prices. Prices have been volatile. Within the past three years, the average daily LME settlement price has ranged from a high of \$3,317 per ton on July 11, 2008 to a low of \$1,254 per ton on February 24, 2009, or a decline of 62 percent from peak to trough. The selling price for the Company's products and cost for raw materials and energy can be subject to significant fluctuations which could affect the Company's profitability.

A significant reduction in demand for aluminum by China, India or a combination of other emerging countries could have an adverse impact on the profitability of the Company.

The China and India markets are a major source of global demand for aluminum and other commodities. A slowing down of economic growth in these countries, especially China, would have a negative effect on global demand for aluminum and prices for aluminum. Also, investments by these countries and other developing countries to increase their own domestic capacity for aluminum and other commodities could negatively impact the supply demand balance and prices.

The Company purchases its raw materials and sells its production on the open market, which is subject to fluctuations and uncertainty.

After the precipitous drop in the LME and the termination of the Glencore tolling agreement in 2009, the Company had reduced its operating level to four of the six lines available. Market prices for aluminum have fluctuated significantly over the last three years. As of December 31, 2010, the three month LME price for aluminum was \$2,468 per ton. The three month LME as of March 31, 2011 was \$2,632.

The Company was able to procure enough alumina to operate the smelter at four potlines for the majority of 2010, and with the restart of the fifth and six lines without the aforementioned tolling agreements, the Company's need for alumina would have increased by 50 percent. Alumina is currently in short supply due to the global contraction of refining production while the production of primary aluminum has increased. In addition, spot pricing for alumina has been above recent prices available in long term contracts.

Since 2006, all anodes purchased by the Company have been from offshore facilities (primarily from suppliers located in China). Current shortages of raw materials in China used to manufacture our anodes increased the Company's first quarter purchased price by approximately 22 percent from the first quarter of 2010 and there can be no assurance that future anode costs will not further increase.

There is no assurance either that the Company will be able to market its aluminum products profitably or sustain a sufficient customer base such that the Hannibal, Ohio smelter can operate at capacity. The selling price for the Company's products and cost for raw materials and energy can be subject to significant fluctuations which could affect the Company's profitability.

The Company relies on the inland waterways for supply of its critical raw material.

The Company consumes approximately 540,000 tons of alumina at full capacity. The alumina is transported to the Hannibal, Ohio smelter in river barges on the Mississippi and Ohio rivers. Flooding during the spring of 2011 has caused disruption, and in many cases halting, of barge movement on both of these waterways. While the Company's current alumina inventory at the smelter is sufficient to prevent a reduction in operations at the smelter through the end of the 2011 second quarter, a prolonged river traffic shutdown may require the Company to adjust its production level, incur higher transportation cost or take other measures that could increase the cost of producing aluminum during and after such an event.

The Company may have to rely on spot market purchases for a portion of its alumina requirements

The Company does not have all of its 2011 alumina requirements under contract, and with a fourth quarter restart of the Burnside alumina refinery, it will have to rely on spot market purchases. The spot market for alumina has shown instability recently and alumina availability in the near future may be limited.

In order for the Company to improve profitability and cash flows, long term, affordable electrical power is essential.

As described above under the Supply Agreement for Electricity in the Recent Developments and Significant Matters section, on September 16, 2009 the Company and AEP executed a new power agreement as approved by the PUCO on July 15, 2009.

On November 12, 2009, AEP filed an appeal to the Supreme Court of the State of Ohio of the PUCO's orders approving the Company's contract with AEP. While the Company can never predict the outcome of litigation, the Company maintains that the PUCO acted entirely within its statutory authority in approving the Company's contract with AEP, and that the orders approving the contract therefore should be upheld on appeal. The essence of AEP's appeal is that the PUCO should not have ordered it to enter into a contract where it cannot recover from other customers all delta revenues (the difference between the contract rate and AEP's standard rate) arising from the discount the Company receives (in this case, the PUCO denied AEP recovery of the portion of delta revenues related to its provider of last resort charge. AEP is seeking to be allowed to recover such provider of last resort amounts from its other ratepayers each year under the contract). The Company has intervened in the case and intends to vigorously defend the PUCO's orders. On March 22, 2011 all parties appeared before the full State Supreme Court and presented their oral arguments. The Court's opinion has not yet been issued, but is expected in the second half of 2011

In addition, while the power contract with AEP may provide lower cost of electricity for the Company compared to other large industrial customers in the near term, proposed U.S. Environmental Protection Agency ("EPA") rules to regulate carbon dioxide emissions, if implemented without intervention by Congress, could increase the cost of electricity from the coal fired power generation plants in AEP's system. Similar rules have been proposed in Congress in the past, commonly referred to as 'Cap and Trade' and did pass the House of Representatives in the prior Congress, but did not obtain support in the Senate to be voted on. There can be no assurance that the current Congress will not pass its own legislation, or prohibit the implementation of the proposed EPA regulations. The PUCO has authorized AEP to pass on any tax increases to its customers. As such, if this legislation becomes law or these regulations go into effect in their current form, the Company may not be able to realize the power costs required to sustain operations even when the discount rate is included.

The Company has had inconsistent earnings and cash flows from operations in recent years.

The Company has had past losses and recent financial results have been materially influenced by certain cash and non cash events. For the year ended December 31, 2008, the Company had a net loss of approximately \$5.1 million. While the Company had net income of approximately \$32.8 million for the year ended December 31, 2009, the Company was operating under its tolling agreement from January through August 2009. The tolling agreement was on favorable pricing terms relative to market prices for aluminum. In addition, included in the 2009 net income and free cash flow was approximately \$31.2 million in cash received by the Company from an arbitration award from Glencore in lieu of continuing the tolling agreement through the balance of 2009. For the year ended December 31, 2010, the Company had a profit of \$39.8 million (which includes \$6.7 million of charges associated with its March 2010 refinancing and recognition of a non cash \$36.5 million income tax benefit) and negative cash flows from operations of approximately \$47.3 million primarily due to contributions to the Company's defined benefit pension plan of \$46.7 million. There can be no assurance that the Company will be able to consistently achieve and maintain profitability in the near future, or at all, or that the Company will be able to consistently generate positive free cash flows or be able to service its significant debt or refinance its debt when required. The selling price for the Company's products and cost for raw materials and energy can be subject to significant fluctuations which could affect the Company's profitability.

The Company has a substantial amount of debt.

As described under the Amended Credit Facility and Refinancing of Outstanding Debt above, the Company's prior credit agreement was restated and amended (the ABL Facility) and the Old Notes were refinanced on March 1, 2010. The Term A Loan amounts to \$110.0 million and with Amendment 1 to the Loan and Security Agreement, the Term B Loan of \$30 million was borrowed on May 6, 2011. Both debt instruments will mature March 2, 2014 and both have a 14 percent annual interest rate that is payable on a quarterly basis. This is a significant increase in long term debt from the Old Notes amount. The ABL Facility will expire on March 1, 2013. There can be no assurance that the Company will be able to service this debt. In addition, if the Company is unable to comply with its debt service obligations or covenants under its outstanding debt, repayment of the Company's outstanding debt could be accelerated.

The restart of the alumina refinery in Burnside, LA will require a significant amount of spending to bring the facility back to operating condition and acquire raw materials and operating supplies. Cash will also be needed to operate the facility until it becomes self sustaining. To the extent that the Company has incurred more debt, the risks associated with our substantial debt above have increased.

The Company has substantial retiree pension obligations.

The Company had a total under-funded pension liability of approximately \$126.3 million as of December 31, 2010. The Company made pension plan contributions for calendar year 2010 of approximately \$46.7 million (which included \$23.8 million to satisfy the 2006 funding waiver). For the calendar year 2011 the pension plan contributions will be approximately \$30.0 million. Current bond market conditions have resulted in lower long term corporate bond yields, which if maintained, could result in a lower discount rate and adversely affect the Company's current pension benefit obligation and increase its funding requirements. These market conditions also could result in a lower than anticipated return on Plan assets which in turn would result in higher funding requirements. In June 2010, Congress passed and the President signed into law, the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, which among other things, included changes to funding requirements for defined benefit plans. The Company has elected the 'two plus seven' year amortization option available in the aforementioned act for the funding of Ormet's defined benefit pension plans for the plan year 2011.

The Company has substantial contractual obligations for payments to the VEBA Benefit Trusts.

As of March 31, 2011, the Company has approximately \$58.2 million of undiscounted contractual obligations (discounted to \$47.4 million of recorded liability) to make monthly payments to a VEBA Benefit Trust for the benefit of eligible current and future hourly Ormet retirees and their eligible spouses and dependents. The Plan Trustees for the hourly Retiree Group Benefit Plan are responsible for independently establishing the program of benefits for all Hannibal and Burnside retirees and for determining the amount of the monthly contributions required from participating retirees. In conjunction with the 2006 collective bargaining agreements with the United Steelworkers, the Company agreed to (a) make monthly cash contributions (excluding deferral amounts resulting from the 2007 collective

bargaining agreement explained below) of \$483,000 through May 31, 2008, \$500,000 from June 1, 2008 through May 31, 2013 and \$667,000 from June 1, 2013 through May 31, 2018 to the Hourly VEBA Benefit Trust for healthcare and death benefits for eligible current and future hourly retirees of the Hannibal facility, (b) monthly cash contributions of \$120,000 from January 1, 2007 through December 31, 2010 to the Hourly VEBA Benefit Trust for healthcare and death benefits for eligible current and future hourly retirees of the Burnside facility and (c) within fifteen days after the Company releases its quarterly financial statements, a variable contribution equal to 5 percent of the Company's "Profits" (as defined in the respective Collective Bargaining Agreement). During 2007, the collective bargaining agreement was amended and \$5.9 million of the scheduled 2008 Company contributions and \$0.9 million of profit sharing contributions to the Hannibal hourly VEBA Benefit Trust were deferred and were to be made during 2010 and 2011. In conjunction with the extension of the current labor agreement through May 31, 2011, the USWA and the Company agreed to delay the commencement of the above 24 month repayment of the 2008 VEBA payment (including the profit sharing portion) deferral from January 2010 to January 2011.

The Company also has a \$6.5 million undiscounted liability (discounted to \$5.2 million of recorded liability) as of March 31, 2011, to the salary VEBA Trust and continues to make monthly contributions to fund healthcare and death benefits for eligible current and future salaried retirees and for eligible hourly retirees at Iuka, Mississippi and Jackson, Tennessee, and for their eligible spouses and dependents. For 2011, these contributions are expected to be \$900,000. As directed by a resolution of the Company's Board of Directors, the Company will continue funding the salary VEBA through May 2018. The Plan Trustees for the Salaried and Other Retiree Group Benefit Plan are responsible for establishing the program of benefits and for determining the amount of the monthly contributions required from participating retirees under the Plan.

The Company was a party to a multi-employer pension plan covering ILA members. As a result of the curtailment of operations at the marine terminal adjacent to the alumina plant, the Company incurred a withdrawal liability of \$1.8 million to be paid in thirteen quarterly payments of approximately \$151,000 including interest. The Company began making payments in the second quarter of 2008. As of March 31, 2011, the remaining withdrawal liability, including interest, is \$149,400 which is the final payment that will be completed by the end of May 2011.

Interruptions in the supply of power to the Company's facilities may halt production.

The Company's operations require a continuous and uninterrupted supply of power. The Company could suffer significant losses due to a temporary or prolonged interruption of the supply of electric power to its facilities, which may be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events which are not in the control of the Company. In addition, temporary or prolonged interruptions could be experienced due to upgrade, maintenance, and/or capital infrastructure improvements of the AEP electrical distribution and transmission system. While the Company works closely with AEP to minimize risk of interruption and establish contingency options when feasible, no assurance can be given that the Company will not experience interruptions in its power supply.

The Company is likely to require significant capital expenditures going forward.

The Company's capital expenditures for the year ended December 31, 2010 were \$8.9 million which included costs of relining 95 of the 1,032 pots at the Hannibal aluminum smelter. Capital spending for the three months ended March 31, 2011 totals \$6.2 million. Covenants in the Company's credit agreement limit the Company's ability to make capital expenditures. As amended, the limit for 2011 including a carryover amount from 2010 is \$55 million. There can be no assurance that the Company will have sufficient resources available to make any capital expenditures that may be required or that additional financing, if needed, will be available on acceptable terms. In addition, there can be no assurance that required capital expenditures will be permitted under the Company's debt agreements beyond 2011. The Company's principal operating facility in Hannibal, Ohio is over 50 years old and the Burnside alumina facility has been idled for over four years. The restart of the alumina refinery requires significant expenditures to bring it back online. As a result, the Company will be required to make substantial additional capital investments in order to maintain competitive production levels at these facilities.

The Financial Accounting Standards Board (FASB) Financial Accounting Standard Codified Topic (ASC) 360-10-35-18 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The alumina refinery at Burnside, LA has a solid waste site to handle the red mud surface impoundment for bauxite tailings. This site occupies approximately 350 acres of the 1,550 acres available surrounding the refinery. When the alumina facility reaches the end of its useful life the Company will have an obligation to maintain the integrity of the solid waste site. The Company believes that its ability to utilize the remaining 1,200 acres of land make the useful life of the alumina refinery indeterminable and therefore an indeterminate settlement date for the establishment of an obligation associated with the red mud lakes. Since the Company has decided to restart the Burnside alumina facility, the assumptions related to the need to establish an asset retirement obligation for the solid waste site could change in the future.

The Company's debt agreements impose restrictions that may limit the ability to raise new capital, finance future operations or engage in business activities that may be in the Company's interest.

The Company's loan agreements contain significant covenants that restrict the Company's ability to, among other things, refinance existing debt, incur additional debt and raise new equity, pay dividends, make investments, enter into transactions with affiliates, merge or consolidate with other entities, sell assets and reduce operations. Additionally, the Company's ABL Facility requires compliance with minimum EBITDA targets and both the ABL Facility and the Term Loan impose capital spending limits. A breach of any of these covenants could result in a default under these debt agreements, which would allow the lenders to declare all amounts outstanding immediately due and payable and could trigger cross-defaults resulting in additional debts becoming due. If the Company is unable to repay outstanding borrowings when due, the lenders will have the right to proceed against the collateral securing their debt. The Company may also be prevented from taking advantage of business opportunities that arise because of the limitations imposed on the Company by the restrictive covenants under these debt agreements.

The Company's high level of debt and the terms of this debt could:

- result in the inability to comply with the financial and other restrictive covenants in the debt agreements, which, among other things, limit the ability to incur debt and sell assets, which could in turn result in an event of default that, if not cured or waived, could have an adverse impact on the Company's operations and liquidity;
- increase the Company's vulnerability to adverse industry and general economic conditions;
- require the Company to dedicate a substantial portion of cash flow from operations to make principal payments on the debt when due, thereby reducing the availability of cash flow for working capital, capital investments and other business activities;
- limit the Company's ability to obtain additional debt or equity financing to fund future working capital, capital investments and other business activities;
- limit the Company's ability to refinance indebtedness on terms that are commercially reasonable or at all;
- expose the Company to the risk of interest rate fluctuations to the extent it pays interest at variable rates on the debt;
- limit the Company's flexibility to plan for, and react to, changes in the Company's business and industry; and
- place the Company at a competitive disadvantage relative to its less leveraged competitors.

Upon the occurrence of "change in control" default or prepayment events specified in the Company's ABL and Term Loan agreements, the holders of our indebtedness may require the Company to immediately repurchase or repay that debt on less than favorable terms and these defaults could trigger cross-defaults under other agreements which could result in additional debts and other obligations (including pension obligations) becoming due. Additionally, certain of the Company's material contracts provide for termination or other penalties in the event of a change in control of the Company. If a change of control is triggered under these agreements, it could have an adverse impact on the Company. For purposes of certain of our agreements, a change of control could be triggered by beneficial ownership of as little as 35 percent of our common stock, calculated in accordance with the relevant agreements. Under our ABL Facility and the Term Loan Agreement, Wayzata is a "permitted holder" and therefore under our loan agreements, beneficial ownership by Wayzata above these thresholds would not trigger a change of control.

Volatile conditions in the global capital and credit markets could adversely affect our business, as well as the industries served by our customers.

Severe reductions in the availability and cost of credit, and volatility in the capital and credit markets, could adversely affect the business and economic environment in which we operate and the profitability of our business. Moreover, the recent worldwide financial crisis has reduced the availability of liquidity and credit to fund or support the continuation and expansion of our business operations. Many lenders and institutional investors have reduced and, in some cases, ceased to provide funding to borrowers. Continued disruption in the U.S. and international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs.

To the extent the Company raises capital from issuing new equity, the Company's stockholders may experience significant dilution.

To the extent the Company seeks to raise additional equity capital in the future, the Company's stockholders may experience significant dilution. Among other things, in addition to dilution resulting generally from the issuance of additional shares, the Company's outstanding warrants contain anti-dilution provisions that generally will be triggered, among other circumstances, if common equity (including common stock or convertible securities, warrants or other rights to acquire common stock, subject to certain exceptions) is issued at a price that is below the exercise price of the warrants (currently \$3 per share for the outstanding warrants issued in connection with the Company's previously outstanding convertible notes and in connection with the Term A Loan and \$15 per share for the outstanding warrants issued in connection with the Company's previously outstanding subordinated note), or if common equity is issued at a price less than the then current market price. In the event of an issuance below the applicable warrant exercise price, the warrant exercise price may be subject to reduction to the price at which the new common equity is issued. This is known as a 'full ratchet' adjustment. The adjustment in respect of sales at below market prices is a weighted average formula. If either adjustment is triggered, warrant exercise price may be lowered and the number of shares issuable under the warrants may be increased. If both adjustments are triggered, the anti-dilution provisions generally provide for the Company to make the adjustment most favorable to the holders of the warrants. The Company's outstanding debt related warrants are for approximately 4.6 million shares of which approximately 3.7 million are held by Wayzata. The last reported price of the Company's common stock on the "Pink Sheets" on May 13, 2011 was \$7.09 per share. The operation of the anti-dilution provisions in warrants could trigger substantial additional dilution if new equity is issued.

The Company is subject to environmental laws and regulations that expose it to potential financial liability.

The Company's operations are regulated under a number of Federal, state and local environmental laws and regulations, which govern, among other things, the discharge of pollutants into the air and water as well as the handling, storage and disposal of, or exposure to, hazardous materials and occupational health and safety. Violations of these laws can lead to material liability, fines or

penalties. Compliance with these environmental laws is a major consideration in production of the Company's products because metals and other hazardous materials are used in the manufacturing process. In addition, it is possible that in the future new or more stringent requirements could be imposed. Various Federal and state laws and regulations impose liability on current or previous facility owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the facility. Liability may be imposed without regard to legality of the original actions and without regard to whether the Company knew of, or was responsible for, the presence of such hazardous or toxic substances, and it could be responsible for payment of the full amount of the liability, whether or not any other responsible party is also liable. As more fully disclosed in the Company's consolidated financial statements, the Company reached an agreement in the form of a consent decree with the EPA in 1995 under which the Company will continue to conduct appropriate remediation of a previously contaminated site on its smelter property at Hannibal, Ohio. As part of this agreement, the Company has a long-term obligation to treat certain soils and water prior to any discharge into the Ohio River. The consent decree with the EPA also requires the Company to be able to demonstrate that it has sufficient financial resources available to meet the obligations set forth in the consent decree. The Company entered into an agreement with the EPA on December 5, 2007 where the Company would provide by December 27, 2007 a Letter of Credit ("LC") for \$0.6 million with additional LC's issued over the next two years aggregating \$3.4 million by December 21, 2009, to support the Company's ability to fund the super-fund liability. During December 2009, the EPA agreed to extend the December 21, 2009 deadline for the final LC until March 31, 2010, which was extended again during March 2010 until May 31, 2010. On May 28, 2010 the EPA agreed to allow the Company to stop treatment of site groundwater (which will not be effective until an amendment to the consent decree and record of decision is issued) and agreed to a deadline of July 30, 2010 to allow the Company to submit a reduced Operating and Maintenance (O&M) cost plan and request a reduced financial assurance amount. The O&M was submitted as required and the EPA extended the consent decree deadline for the final LC determination to December 31, 2010. Subsequently, the EPA was unable to complete the Consent Order change for internal reasons by December 31, 2010 and extended the deadline to June 30, 2011. In addition, the Company has certain environmental costs and obligations related to the ongoing operations at its other facilities. There can be no assurance that a material environmental liability will not arise in the future or that the Company will be able to obtain relief from the current funding requirements noted above.

In addition, the Company and the Louisiana Department of Environmental Quality agreed during the first quarter 2011 to enter into an Administrative Order on Consent (AOC) under which Ormet will initiate the establishment of a trust fund over the next 48 months after the effective date of the AOC to provide financial assurance for the closure and post-closure costs of the red mud lakes in conjunction with renewing its solid waste permit at the alumina refinery in Burnside, LA. The Company signed and entered into the AOC agreement on May 9, 2011

The Company's asset retirement obligations ("ARO") consist of costs related to the disposal of certain spent pot lining associated with the Hannibal, OH smelter. While management believes the ARO recorded represent reasonable estimates of these future costs, such estimates are subject to change due to a number of factors, including changes in regulatory requirements and costs of labor and materials. As of March 31, 2011, the ARO liability related to the potlining disposal was \$7.0 million.

The current portion of the liability of \$1.7 million at March 31, 2011 relates to the disposal of spent potlining at the Hannibal smelter and is recorded in accrued liabilities in the accompanying consolidated balance sheet. The remaining non-current portion of \$5.3 million at March 31, 2011 is included in other long-term liabilities in the accompanying consolidated balance sheet. The ARO is estimated at fair value using a discounted cash flow approach with a credit-adjusted risk-free discount rate of 7.0 percent.

The Company is not subject to the reporting obligations of the Exchange Act.

The Company's common stock is not listed on any stock exchange. A public offering registered under the Securities Act has never been made by the Company and the Company's common stock is not registered under the Exchange Act. As a result, the Company is not subject to the reporting requirements applicable to such companies, such as the requirement that Securities and Exchange Commission ("SEC") reporting companies file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K or comply with the SEC's proxy rules. While the Company makes certain information publicly available on an annual and quarterly basis, this information is significantly less than the information required of SEC reporting companies. In addition, unlike SEC reporting companies, the Company is generally not subject to the Sarbanes-Oxley Act. While some of the Company's common stock trades over the counter in the public market and quotes can be obtained through the Pink Sheets, trading is infrequent and the market highly illiquid. The Company cannot predict if or the extent to which an active trading market might develop for the Company's common stock or how liquid that market might become.

In addition, because the Company is not a reporting company under the Exchange Act, stockholders that beneficially own more than 5 percent of the Company's common stock are not required to file notifications of their stock ownership on Schedule 13D or Schedule 13G with the SEC or the Company, and stockholders are not subject to Section 16 reporting under the Exchange Act. Of the Company's 18,663,000 shares outstanding as of May 13, 2011, 81.8 percent are held in "street" name. As a result, the identity of many of the beneficial owners of the Company's common stock and their holdings are not known to the Company. Certain of the Company's debt and other agreements contain "change in control" provisions that can lead to acceleration of debt, termination of agreements or other adverse consequences. Due to the lack of visibility of the Company's stock ownership, it may be impossible for the Company to monitor the risk of the change in control provisions being triggered or the risk of large accumulations in the Company's stock taking place. Therefore, a change of control could take place without the Company's knowledge.

Federal regulations under the Exchange Act regulate the trading of so-called "penny stocks," which are generally defined as any security not listed on a national securities exchange, priced at less than \$5.00 per share and offered by an issuer with limited net tangible assets and revenues. Since the Company's common stock currently is quoted on the Pink Sheets (which is not a securities exchange), its common stock may be considered a "penny stock" when the price is below \$5.00 per share and may not be quoted or sold by a broker-dealer unless a disclosure schedule explaining the penny stock market and the risks associated therewith is delivered to a potential purchaser prior to any trade, and the investor meets certain suitability requirements.

The application of the “penny stock” rules may make it more difficult for broker-dealers to sell the Company’s common stock, and the Company’s equity holders, therefore, may have difficulty selling securities in the secondary trading market.

The Company has significant relationships with Wayzata, whose interests may be different than other investors.

Investment funds, affiliated or managed by Wayzata, are the lenders under our (as amended) \$140 million Term Loan Agreement. In addition, as of March 31, 2011, Wayzata holds warrants that, if exercised in full, would represent approximately 16.6 percent of the Company’s outstanding common stock after giving effect to such exercise. Wayzata may also outright own additional shares of the Company’s stock, the number of such shares, if any, is unknown by the Company. The interests of Wayzata may be materially different from that of other investors and shareholders.

Forward Looking Statements

This Statement contains forward-looking statements that can be identified by use of words like “anticipates,” “believes,” “estimates,” “expects,” “hopes,” “targets,” “should,” “will,” “likely,” “result,” “forecast,” “outlook,” “projects,” “plans,” “may,” “could” or other words of similar meaning. All statements that address the Company’s expectations or projections about the future, including statements about the Company’s strategy for growth, cost reduction goals, expenditures, financial results, liquidity and capital needs, are forward-looking statements. Forward-looking statements are based on the Company’s estimates, assumptions and expectations of future events and are subject to a number of risks and uncertainties and may or may not be realized. The Company disclaims any intention or obligation (other than as required by law) to update or revise any forward-looking statements. Among the risks and uncertainties these statements are subject to are those discussed above under the captions “Introduction,” “Recent Events and Significant Matters” and “Risk Factors,” those discussed in the Notes to Consolidated Financial Statements which are a part of the Consolidated Financial Report (attached as Exhibit A) and in Management’s Discussion and Analysis (attached as Exhibit B), and those identified elsewhere in this Statement.

Although the Company believes the expectations reflected in its forward-looking statements are reasonable, the Company cannot guarantee its future performance or results of operations. All forward-looking statements in this Statement are based on information available to the Company on the date hereof; however, the Company is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. When reading any forward-looking statements, the reader should consider the risks and uncertainties referenced above as well the other disclosures contained in this Statement. Given the significant uncertainties and risks to which the Company is subject (a) the reader should not place undue reliance on these forward-looking statements and (b) the Company’s future results could differ materially from the Company’s current results and from those anticipated in the Company’s forward-looking statements. Furthermore, the reader is advised to consult any additional disclosures the Company makes in quarterly and annual 15c2-11 reports and current reports and disclosures available on the Company’s website, under the Investor’s link at <http://www.ormet.com>.

Market and Industry Data

Market and industry data used throughout this document, including information relating to the Company's relative position in the industries in which it operates, is based on the good faith estimates of management upon their review of independent industry publications and other publicly available information. Although the Company believes that the third party sources relied upon by management in making such estimates are reliable, it cannot guarantee the accuracy or completeness of this information, and this information has not been independently verified.

The information provided below is intended to fulfill the requirements of Rule 15c2-11(a) (5) under the Securities Exchange Act of 1934, as amended. The enumerated captions correspond to those set forth in the Rule.

ITEM (i): The exact name of the issuer and its predecessor (if any).

Ormet Corporation.

ITEM (ii): The address of its principal executive offices.

Ormet Corporation
43840 State Route 7
Hannibal, Ohio 43931
(740) 483-2776
<http://www.ormet.com>.

ITEM (iii): The state and date of incorporation, if it is a corporation.

Ormet Corporation is a Delaware corporation incorporated on October 3, 1989. An Amended and Restated Certificate of Incorporation was filed on April 1, 2005. Amendments to the Amended and Restated Certificate of Incorporation were filed on February 20, 2007 and March 13, 2007. A second amendment to the Amended and Restated Certificate of Incorporation was filed on August 4, 2010.

ITEM (iv): The exact title and class of each class of securities outstanding.

As of March 31, 2011, the total number of shares of all classes of stock which the Company had authority to issue was 51,000,000 of which 50,000,000 shares are designated as common stock, par value \$0.001 per share, and 1,000,000 shares of which are designated as preferred stock, no par value per share.

As of March 31, 2011, 18,509,934 shares of common stock were issued and outstanding. On July 13, 2010, 47,982 shares of common stock (included in the above share total) that were reserved for settlement of the outstanding disputed creditor claims in the Company's prior bankruptcy proceedings were distributed as a result of the issuance of the Final Decree to the pre-petition creditors.

On November 1, 2007 the Company issued warrants to a group of private investors to purchase up to 2.3 million shares of common stock of the Company (subject to certain anti-dilution provisions) in combination with the issuance of secured debt to those investors. The warrants are exercisable immediately at a price of \$3 per share (subject to adjustment) and as amended in March 2010, expire on March 1, 2015. The anti-dilution provisions of the warrants provide for adjustments for common stock dividends, subdivisions and combinations of the Company's outstanding common stock, cash dividends and distributions of assets, certain dilutive issuances and certain fundamental changes such as a merger or consolidation or a sale of substantially all of the Company's assets. Among other things, the anti-dilution provisions generally will be triggered if common equity (including common stock or convertible securities, warrants or other rights to acquire common stock, subject to certain exceptions) is issued at a price that is below the exercise price of the warrants, or if common equity is issued at a price less than the then current market price. In the event of an issuance below the current warrant exercise price, the warrant exercise price will be subject to reduction to the price at which the new common equity is issued. This is known as a 'full ratchet' adjustment. The adjustment in respect of sales at below market prices is a weighted average formula. If either adjustment is triggered, the warrant exercise will be lowered and the number of shares issuable under the warrants will be increased. If both of these adjustments are triggered, the anti-dilution provisions generally provide for the Company to make the adjustment most favorable to the holders of the warrants. On May 3, 2011, 153,066 warrants associated with the Old Notes were exercised by a holder not related to Wayzata, with the Company realizing proceeds of \$0.5 million.

Third parties hold options to purchase one million shares of common stock at an exercise price of \$10.00 per share (subject to adjustment), which may be exercised at any time on or prior to June 1, 2011, the options' expiration date. These options are not part of the Company's Stock Option Plan, but were sold as contemplated by a modification to the Company's collective bargaining agreement and the proceeds of the sale were contributed by the Company to the Hourly VEBA benefit trust to fulfill certain obligations under that agreement.

During 2007, the Company issued to members of its Board of Directors options totaling 16,000 shares all of which, as of March 31, 2011, are vested and exercisable. These options have a weighted average exercise price of \$17.86 per share, and expire 10 years from the date of issuance. Also during 2007, the Company issued 550,000 options to members of management. In May 2008, the Company's Board of Directors approved 560,000 of additional option grants under the Company's stock option plan, for certain senior management, as part of an annual compensation review conducted with the assistance of a nationally recognized compensation consultant. These options have a three year vesting period and an exercise price of \$7.58 based on the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008. A portion of these grants, amounting to 10,000 shares, was forfeited in 2009 as a result of a participant's separation from the Company.

Also in May 2008, as part of a redesigned non-employee directors compensation program developed with the assistance of a nationally recognized compensation consultant, which redesign was intended to significantly reduce the cash component of the director's compensation, the Company's Board of Directors approved the grant of 102,242 restricted stock units for non-employee directors, having a value of \$0.7 million in the aggregate (with the number of restricted stock units to be set by reference to

the per share price of \$7.58 which was the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008). Vesting of these restricted units was 50 percent on May 23, 2009, with the remainder vesting on May 23, 2010. Due to the significant dilution that would occur as a result of the Company's then current low stock price, on April 3, 2009 the Board of Directors voted to suspend the restricted stock unit plan for non employee directors for 2009 and 2010. The Board then adopted a compensation plan, in addition to any past plan and not in lieu thereof, to consist of (i) annual cash retainers and cash chair supplements, payable quarterly, as the sole form of directors' compensation program for 2009 and (ii) a cash retainer component in an amount equal to 50 percent of the sum of the annual retainer and chair supplement, if any, with such retainer to be paid 40 percent (of such 50 percent) at the end of the fourth quarter of 2009 and 60 percent (of such 50 percent) payable at the end of the fourth quarter of 2010. On October 26, 2010, the Board voted to continue the suspension of the RSU's and continue the cash compensation program for 2011.

On September 3, 2008, the Company issued warrants to Wayzata for up to 600,000 shares at an exercise price of \$15 per share in connection with Wayzata issuing the \$10 million Subordinated Term Note to the Company. These warrants contain anti-dilution provisions similar to those contained in the warrants issued by the Company in November 2007. As amended in conjunction with the closing of the Term Loan agreement, these warrants expire March 1, 2015.

On September 28, 2009, the Board issued 550,000 new options to senior management, upon the surrender of the option grants of 550,000 shares granted to senior management in 2007. These new grants vest ratably over three years (one third each on December 31, 2009, December 31, 2010, and December 31, 2011). The options expire on September 28, 2019 and are exercisable upon vesting. The exercise price of \$1.22 per share was based on the Company's average closing stock price from September 28, 2009 through October 2, 2009.

On December 14, 2009, the Company's Board of Directors granted an additional 280,000 options to senior management with a strike price of \$1.92 per share, which was based on the average closing price of the Company's stock from December 15, 2009 through December 21, 2009. These options will vest over three years, with one third each on December 31, 2009, December 31, 2010, and December 31, 2011. The options expire on December 14, 2019 and are exercisable upon vesting.

On March 1, 2010 a warrant for the purchase of up to 1,850,000 shares of the Company's common stock at \$3.00 per share was issued in conjunction with the \$110.0 million Term A Loan financing. The warrant has an expiration date of March 1, 2015. Anti-dilution provisions generally similar to those contained in the company's other outstanding warrants are also applicable for these warrants.

The Company has reserved an aggregate of 1.5 million shares of common stock for equity grants under its Stock Option Plan. As of March 31, 2011, the Company has issued and outstanding options to the senior management team, other employees and board of directors totaling 1,396,000 shares of common stock under the Stock Option Plan. In addition, as of March 31, 2011, the Company had 102,242 Restricted Stock Units ("RSU") outstanding, which Restricted Stock Units were previously granted to non employee members of the Board of Directors. As part of the March 1, 2010 refinancing, the Company agreed with Wayzata that the Company would limit aggregate option grants to no more

than 2.0 million shares and that any new option issuances would provide for a per share exercise price at least equal to the per share fair value of our common stock, with an exercise price floor of \$5.00 per share. This restriction would remain in effect as long as Wayzata holds more than 50 percent each of the Term Loan and the new warrants and/or warrant shares.

The Company had an aggregate of 4,783,333 of debt related warrants outstanding at March 31, 2011. Of these warrants, 3,690,121 are held by Wayzata as of March 31, 2011. If Wayzata were to exercise these warrants in full, the shares issuable upon exercise of the warrants would represent approximately 16.6 percent of our outstanding shares after giving effect to such exercise. Any such shares would be in addition to shares of the Company's common stock owned outright by Wayzata and its position as a significant lender to the Company. Since the Company's stock is not registered under the Exchange Act, the number of any shares owned outright by Wayzata is not known by the Company at this time. On May 3, 2011, 153,066 warrants associated with the Old Notes were exercised by a holder not related to Wayzata, with the Company receiving \$0.5 million.

No shares of preferred stock are outstanding.

ITEM (v): The par or stated value of the security.

See ITEM (iv).

ITEM (vi): The number of shares or total amount of the securities outstanding for each class of securities as of the end of the issuer's most recent fiscal year.

See ITEM (iv).

ITEM (vii): The name and address of the transfer agent.

Continental Stock Transfer & Trust Co.
17 Battery Place
New York, New York 10004
212-509-4000

ITEM (viii): The nature of the issuer's business.

Overview of the Company

Ormet Corporation is a major producer of primary aluminum in the United States. Its aluminum smelter, located in Hannibal, Ohio, is capable of producing approximately 270,000 tons of aluminum per year. The Company also owns an alumina refinery located in Burnside, Louisiana, which is currently idled. When operating, the alumina refinery is capable of producing approximately 540,000 tons of smelter grade alumina per year.

The Company operates one of nine producing aluminum smelters in the United States. Its Hannibal aluminum smelter has 6 potlines. During 2009 the Company reduced its production to 4 potlines from 6 potlines. Improved market conditions during the fourth quarter of 2010 resulted in the restarting of one of the idled potlines beginning on December 13, 2010 with the remaining idled potline restarting on January 31, 2011.

The principal customers for the Company's aluminum /sow are international traders and U.S. based aluminum rolling mills for flat rolled products that are used for beverage cans, transportation, construction, appliance and general industrial applications The principal customers for the Company's alumina (when being produced) in addition to its own smelter are international traders and the aluminum smelting industry.

The selling prices of aluminum and alumina are primarily determined by global supply and demand and other competitive factors. The Company's selling prices for aluminum sow are generally based on the prices as published by the LME. As market conditions warrant, the Company will lock in some production at fixed prices, or enter into hedging agreements. The Company entered into a series of hedge agreements at the end of the first and beginning of the second quarters of 2011 to mitigate any potential losses from a decline in the LME price of primary aluminum for the remainder of 2011 and the year 2012.

The principal cost elements for the production of aluminum ingot products are labor, electricity, alumina and carbon anodes. On a combined basis, these cost elements represent approximately 90 percent of the cost of producing aluminum (excluding capital expenditures).

The Company's primary competitors in the primary aluminum segment include Rusal, Alcoa, Inc., Rio-Tinto, Inc., Noranda, Inc., and Century Aluminum, Inc (of which based on public filings by Century, Glencore owns 39.1 percent of the outstanding stock as of December 31, 2010, plus debt convertible into an additional 8.3 million shares). When the Company's alumina business is operational and alumina production exceeds internal requirements and enables alumina sales to third parties, the Company competes primarily with Alcoa, Inc., Noranda, Inc., and Sherwin, Inc. (a wholly owned subsidiary of Glencore). These competitors have significantly greater financial, marketing, and other resources than Ormet.

For a discussion of recent developments concerning the Company's business, see "Recent Developments and Significant Matters" beginning on page 2.

Overview of the Industry

The LME three month price of aluminum for the first quarter of 2011 averaged \$2,524 per metric ton. The LME three month price of aluminum on May 13, 2011 was \$2,627 per metric ton. The LME three month price has continued to rally on increased demand, higher oil prices, a weaker US dollar and higher inflows by investors who anticipate inflation in commodity prices.

Demand for aluminum continued to increase in the first quarter of 2011. Aluminum industry analysts reported that global primary aluminum consumption increased by 10.0 percent during 2011 from the first quarter of 2010. Demand has been strong in Europe and North America as the transport sector continued to show steady growth. Chinese demand has recovered following the long New Years break in February. Economic data from Germany continues to point to strong industrial growth. In the US production rates in the trailer market have doubled from a year along with similar increases in the medium-sized and large truck market. Tightness in the scrap and secondary markets is easing due to an expected slowdown as a result of the earthquake and tsunami that struck Japan in March which has caused some car manufacturers' assembly lines in Europe and in the US to be temporarily idled or slowed due to a shortage of parts. This lost production is expected to be made up later in the year.

In the US, the annual rate of production rose for the first quarter 2011 by 8.3 percent from the first quarter of 2010. This was driven by re-starts by Alcoa at the Massena East smelter, the Wenatchee smelter and the Ferndale smelter and by Ormet at the Hannibal smelter. In Brazil, during the first quarter of 2011 primary aluminum production was down 6 percent from the first quarter of 2010. Output increased in Asia, due to higher production in India and the Persian Gulf, where the Qatalum smelter is ramping up to its full capacity of 585,000 metric tons per year. Production data for February 2011 published by the China Nonferrous Metals Industry Association ("CNIA") showed an increase of 2.1 million metric tons per year in output from a combination of re-starts of idled capacity as well as start-ups of new capacity. Some analysts have concerns that the official data often shows a sharp rise in Chinese production in February which analysts believe is due to the way the production information is collected.

According to a circular published on the website of the Ministry of Industry and Information Technology of the Chinese government, central and provincial authorities have been ordered to stop approving the construction of new aluminum smelting capacity within the country, effective from April 14, 2011. The report highlights excess capacity within the country, low utilization rates and low profit margins, along with energy and environmental concerns. The report adds that China's smelting capacity could rise over the next five years by 7.74 million metric tons per year if all of the 23 proposed smelters are approved. While this is a reiteration of the governments' posture and does not mark a new announcement, this government circular does appear to have adopted a tougher stance by stating that individuals will be subject to legal action if the state policy is not adhered to and prohibits provincial governments from giving incentives for such investments.

Aluminum prices have continued to increase over the last two months and appear to be supported by market fundamentals. While management believes that primary aluminum prices are favorable, there can be no assurance that the aluminum price will continue at these levels or will increase from the current levels.

ITEM (ix): The nature of products or services offered.

See ITEM (viii) above.

ITEM (x): The nature and extent of the issuer's facilities.

Ormet Corporation owns three facilities—two manufacturing facilities and one marine terminal, as listed below, which are all pledged under the Company's financing agreements:

Facilities

Name	Location	Operational	Approximate Production Capacity (in tons)	Approximate Square Footage
Hannibal Facility	Hannibal, Ohio	1958		2,400,000
• Billet Casting (a)			100,000	
• Reduction Plant (b)			270,000	
Burnside Alumina Refinery (c)	Burnside, Louisiana	1957	540,000	(e)
Burnside Bulk Marine Terminal (d)	Burnside, Louisiana	1958	5,000,000	(e)

(a) Operations curtailed October 17, 2007.

(b) Operations at the reduction plant were restarted as of December 11, 2006

(c) Operations at the alumina refinery plant were curtailed in the fourth quarter of 2006 and are expected to restart the month of October 2011.

(d) Operations at the marine terminal were reduced in January 2007 and idled on December 31, 2007.

(e) The combined square footage of the Burnside Alumina Refinery and the Bulk Marine Terminal is approximately 432,000 sqf.

Hannibal Facility

The Hannibal facility, encompassing 256 acres, is located on the Ohio River in Hannibal, Ohio and consists of a billet casting operation and a reduction plant (aluminum smelter) comprised of six potlines and 1,032 pots. The billet casting operation (currently idle) utilizes two casting units for producing conventional extruded aluminum billet products up to 300 inches in length and 7-15 inches in diameter. The Hannibal reduction plant when operating at full capacity is among the largest aluminum smelters in the United States and at full capacity can produce approximately 270,000 tons of molten aluminum on an annual basis. The reduction plant consists of six process potlines, alumina unloading/storage systems, baghouse system for air emissions and associated production support and maintenance services. As of March 14, 2011 approximately 870 hourly workers and 160 salaried workers are employed at the Hannibal facility. The Hannibal facility's collective bargaining agreement expires on May 31, 2011. The Company has recently begun negotiations for a new labor agreement for the Hannibal smelter.

Legislation passed in the State of Ohio in 2008 provided the Company the opportunity to negotiate competitive electricity contracts for a number of years commencing January 1, 2009. In 2009, the Company negotiated a new 10 year power contract that became effective in September 2009, which management believes provides the Company with power at a rate per mega-watt hour that is significantly below that of most other domestic primary aluminum producers. The power contract provides for discounts based upon LME aluminum pricing. For 2010 and 2011, the power contract provides for up to

a \$60.0 million discount from applicable tariff rates for large industrial consumers (GS-4) and for additional discounts, in declining maximum amounts, for each subsequent year through 2018. The amount of discount to which the Company is entitled to will be dependent on prices for aluminum on the LME and the Company's projected break-even free cash flow levels.

The aluminum smelter currently operates 24 hours a day, 365 days a year. When all six potlines are fully operational, the Company's production volumes generally average between 21,000 and 22,000 tons per month.

Burnside Alumina Refinery

The Burnside alumina refinery is situated on approximately 2,100 acres adjacent to the bulk marine terminal in Burnside, Louisiana. When operating, the refinery produces and sells smelter-grade alumina which is used in the molten aluminum industry to produce aluminum. The Burnside alumina refinery is one of only four alumina refineries in the United States. The Burnside refinery can produce approximately 540,000 tons of smelter-grade alumina when operating at full capacity. Burnside Alumina Refinery operations were curtailed in the fourth quarter of 2006. In anticipation of rising purchased alumina prices, the Company performed an operational and financial feasibility review of restarting the Burnside, LA alumina refinery. On February 23, 2011, the Board of Directors authorized the restart of the refinery, subject to obtaining acceptable financing. On May 6 2011, the Company entered into Amendment No. 1 of the Term Loan with the lenders of the \$110 million Term A Loan and at the same time, amended the current revolving credit facility as described below. The amendment to the Term Loan provided for the Term B Loan with a face value of \$30 million that matures on March 2, 2014 and was issued at a 5 percent OID. The Term B Loan also bears interest at 14 percent per annum, payable in cash quarterly. The Term B Loan is pre-payable at par by the Company after March 1, 2012, with all other terms and conditions (including inter-creditor agreements) remaining substantially the same as the Term Loan.

Concurrently with the execution of Amendment 1, the Company entered into an amendment of the asset based revolving credit facility. The amendment increased the credit limit to \$60 million from \$50 million. All other terms and conditions of the ABL Facility remained intact. There can be no assurance that the new debt and increased credit availability will provide sufficient funds and liquidity to restart and operate the alumina refinery.

On February 17, 2011, the Louisiana Bond Commission allocated \$35.0 million of Gulf Opportunity Zone (also known as "Go Zone") tax free bonds to the Company to sell by June 17, 2011. The aforementioned refinancing eliminated the need for the Gulf Opportunity Zone tax free bonds, therefore the allocation was returned to the Louisiana Bond Commission on May 11, 2011.

Burnside Marine Terminal

The Burnside bulk marine terminal is located between New Orleans and Baton Rouge, Louisiana at the 170-mile marker on the Mississippi River. It serves as a transfer station between ocean-going

vessels, river barges, railcars and trucks. The Burnside marine terminal is designed to handle shipments of aluminum, alumina, bauxite, alloys, iron ore, coal, coke, pig iron, fertilizers and other bulk commodities. Operations at the marine terminal were reduced in January 2007, in connection with the curtailment of the Company's alumina refinery, and were idled effective December 31, 2007 with the asset being reclassified as held for sale. On May 11, 2011 the Company entered into an APA for the sale of its Burnside, Louisiana marine terminal assets and certain specified parcels of land. The closing is anticipated to occur in the second quarter 2011. The net proceeds will be distributed in accordance with the terms of the Company's Term Loan and Security Agreement. At the closing a separate TSA will be executed which will provide loading and unloading services to the Burnside alumina refinery. The TSA has an initial term of 30 years. There can be no assurance that the terminal assets will be sold as contemplated by the Company.

ITEM (xi): The name of the chief executive officer and members of the board of directors.

Board of Directors

Name	Title
Jeffrey G. Marshall	Chairman
Nicholas Burakow	Member of the Audit and Strategy Committees
Benjamin Duster	Chairman of the Audit Committee, member of the Compensation Committee
Robert Prusak	Chairman of the Strategy Committee, member of the Audit Committee
David L. Robertson	Chairman of the Compensation Committee
Michael F. Tanchuk	President and Chief Executive Officer, member of the Strategy Committee

Jeffrey Marshall – Mr. Marshall has been a director since April 1, 2005. Mr. Marshall has been chairman of the board since September 27, 2007, a position he previously held from 2005 through May 2007. Mr. Marshall is the chairman of Smith Marshall, a strategic consultancy partnership, and Lakefield College School Foundation. He is a member of the board of directors of Brand Energy, Inc. where he serves on the audit committee and Catalyst Paper Corporation where he serves on the audit committee.

Dr. Nicholas Burakow – Dr. Burakow has been a director since November 6, 2008. He holds a Ph.D. in economics from the University of Notre Dame and is the Executive Vice President and Chief Financial Officer of Kaiser Group Holdings, Inc., an engineering and consulting firm. Prior to joining Kaiser, Dr. Burakow served for twelve years in the U.S. Department of State's Foreign Service where his last position was Director for Monetary Affairs. Dr. Burakow has been a senior officer of Kaiser and its predecessors for more than 20 years. Dr. Burakow is also the President of Global Trade and Invest, Inc., an international trade and consulting firm that he co-founded to engage in international trading activities and to provide consulting assistance to companies doing business internationally. Dr. Burakow has been engaged as a paid consultant to provide strategic planning advice and services to the Company. The Company believes the compensation being paid to Dr. Burakow for the consulting services is no more or less favorable to the Company than if he were not a related party.

Benjamin Duster - Mr. Duster has been a director since November 6, 2007, and currently serves as the Chairman of the audit committee. Mr. Duster is currently a board advisor with Watermark Advisors, an FNRA licensed strategic and financial advisory firm. Mr. Duster is a former partner of Masson & Company LLC. From 1997 to 2001, he was Managing Director with Wachovia Securities and prior to that spent seventeen years with Salomon Brothers, specializing in bankruptcy reorganizations, financial restructurings and acquisitions. He served as chairman of the board of directors of Algoma Steel, Inc., from 2002 to 2007. He is currently a member of the board of directors of Accuride Corporation, serving as chairman of the compensation committee, and is the Chairman of the Board of Catalyst Paper Corporation.

Robert Prusak – Mr. Prusak has been a director since July 6, 2007 and was on a leave of absence due to the contract dispute with Glencore from April 3, 2009 until July 21, 2009. Mr. Prusak serves on the audit committee and is the Chairman of the strategy committee. Beginning April 20, 2010, Mr. Prusak has been engaged as a paid consultant to provide strategic planning advice and services to the Company. The Company believes the compensation being paid to Mr. Prusak for the consulting services is no more or less favorable to the Company than if he were not a related party. Mr. Prusak was formerly an executive with Glencore, an international trading company, from 1988 to 2005. Mr. Prusak held various financial positions with Glencore, including treasurer of its U.S. operations. In 2001, Mr. Prusak assumed operational responsibility for Glencore's alumina/aluminum group of industrial assets, including plants in the US, Sweden, Italy, Ireland, and Jamaica. Most recently, he served on the board of directors for Sherwin Alumina.

David Robertson – Mr. Robertson has been a director since April 1, 2005. Mr. Robertson is Chairman of the compensation committee. Mr. Robertson is the member in charge of the Pittsburgh office of the Spilman Thomas & Battle law firm. His practice focuses on labor law and federal government relations. Mr. Robertson is the former executive vice president of human resources and corporate law of the former Weirton Steel Corporation. He managed Weirton Steel's interests in trade cases pursued at the International Trade Commission and implemented its steel lobbying efforts at the federal, state and local levels. Mr. Robertson also has negotiated labor agreements.

Michael F. Tanchuk – Mr. Tanchuk has been a director since May 1, 2007. Mr. Tanchuk is the Company's President and Chief Executive Officer. Mr. Tanchuk has 30 years experience in the metals industry. Mr. Tanchuk joined Ormet from Nordural, a division of Century Aluminum located in Grundartangi, Iceland, where he served as vice president and managing director. Prior to joining Century Aluminum, Mr. Tanchuk was president of Alcoa's Primary Business Unit- Northwest Region. He also worked in other executive and managerial capacities at Alcoa, as well as Reynolds Metals Company and Inland Steel Company.

The Company's directors are elected annually.

Executive Officers –

Name	Title
Michael F. Tanchuk	President and Chief Executive Officer
James Burns Riley	Chief Financial Officer, Treasurer and Secretary
Michael Griffin	Vice President of Operations

ITEM (xii): The issuer's most recent balance sheet and profit and loss and retained earnings statements.

See the Consolidated Financial Report, attached as Exhibit A, which includes the Consolidated Balance Sheet, the Consolidated Statement of Stockholders' Deficit as of March 31, 2011 and for the year ended December 31, 2010 and the Consolidated Statement of Operations, and the Consolidated Statement of Cash Flows for the three months ended March 31, 2011 and 2010.

ITEM (xiii): Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

The Company's consolidated 2010 and 2009 financial statements are included in the Information and Disclosure Statement for each respective period, which are available on the Company's website (www.ormet.com).

ITEM (xiv): Whether broker or dealer or any associated person is affiliated, directly or indirectly with the issuer.

To be answered by broker/dealer.

ITEM (xv): Whether the quotation is being published or submitted on behalf of any other broker or dealer, and, if so, the name of such broker or dealer.

To be answered by broker/dealer.

ITEM (xvi): Whether the quotation is being submitted or published directly or indirectly on behalf of the issuer, or any director, officer or any person, directly or indirectly the beneficial owner of more than 10 percent of the outstanding units or shares of any equity security of the issuer, and, if so, the name of such person, and the basis for any exemption under the Federal securities laws for any sales of such securities on behalf of such person.

Any person selling shares of our common stock must notify the broker-dealer executing the transaction if such sale or quotation is being submitted or published directly or indirectly on behalf of a director or officer of the Company or a person that is directly or indirectly the beneficial owner of more than 10 percent of the Company's common stock, and the basis for any exemption under the federal securities laws for such sale.

Information Concerning the Stockholders and the Common Stock

Common Stock

As of May 13, 2011, there were less than 200 stockholders of record of the Company's common stock. Of the Company's 18,663,000 shares outstanding at that date, a very large percentage (81.8 percent) is held in "street" names. As a result, the identity of many of the beneficial owners of our common stock and their holdings are not known to the Company. Because the Company is not required to file reports under the Securities Exchange Act of 1934 as amended, no requirement exists for stockholders who own more than 5 percent of its shares to file notification with the Company or the SEC.

The Company has reserved 1.5 million shares of common stock for equity grants under its Stock Option Plan. As of March 31, 2011, the Company has issued and outstanding options to the senior management team, other employees and board of directors totaling 1,396,000 shares of common stock under the Stock Option Plan. In addition, the Company has issued 102,242 RSU's to the Board of Directors. As part of the Company's March 1, 2010 refinancing the Company agreed with Wayzata that the Company would limit aggregate option grants to no more than 2.0 million shares and that any new option issuances would provide for a per share exercise price at least equal to the per share fair market value with an exercise floor price of \$5.00 per share. This restriction will run with the tenure of the new warrants as long as Wayzata holds more than 50 percent each of the Term Loan and the new warrants and or warrant shares.

The Company's Board of Directors approved in May 2008, the grant of 102,242 RSU's for non-employee directors, having a value of \$0.7 million in the aggregate (with the number of restricted stock units set by reference to the per share price of \$7.58 which was the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008). Vesting of 50 percent of these restricted units occurred on May 23, 2009, with the remainder vesting on May 23, 2010. Due to the significant dilution that would occur as a result of the Company's then current low stock price, on April 3, 2009, the Board of Directors voted to suspend the restricted stock unit plan for non employee directors for 2009 and 2010 only. The Board then adopted a compensation plan, in addition to any past plan and not in lieu thereof, to consist of (i) annual cash retainers and cash chair supplements, payable quarterly, as the sole form of directors' compensation program for 2009 and (ii) a cash retainer component in an amount equal to 50 percent of the sum of the annual retainer and chair supplement, if any, with such retainer to be paid 40 percent (of such 50 percent) at the end of the fourth quarter of 2009 and 60 percent (of such 50 percent) payable at the end of the fourth quarter of 2010. On October 26, 2010, the Board voted to continue the suspension of the RSU's and continue the cash compensation program for 2011.

On September 28, 2009, the Board, upon the surrender of the option grants of 550,000 shares granted to senior management in 2007, issued new options to senior management. These new grants vest ratably over three years (one third each on December 31, 2009, December 31, 2010, and December 31, 2011) and are exercisable upon vesting. The exercise price of \$1.22 per share was based on the Company's average closing stock price from September 28 through October 2, 2009.

On December 14, 2009, the Company's Board of Directors granted an additional 280,000 options to senior management with an exercise price of \$1.92 per share, which was based on the average closing price of the Company's stock from December 15, 2009 through December 21, 2009. These options vest over three years, with one third each on December 31, 2009, December 31, 2010, and December 31, 2011. The options expire on December 14, 2019 and are exercisable upon vesting.

Various third parties hold options to purchase an aggregate of one million shares of common stock at an exercise price of \$10.00 per share (subject to adjustment). The options are immediately exercisable and expire on June 1, 2011. These options are not part of the Company's Stock Option Plan.

During 2007, the Company issued to members of its Board of Directors, options totaling 16,000 shares, all of which as of December 31, 2010 are vested and exercisable. These options have a weighted average exercise price of \$17.86 per share and expire 10 years from the date of issuance.

On November 1, 2007 the Company issued warrants to a group of private investors to purchase up to 2.3 million shares of common stock of the Company (subject to certain anti-dilution provisions) in combination with the issuance of the recently extinguished long term debt. The warrants are exercisable at a price of \$3 per share and as extended in conjunction with the closing of the Term Loan, expire on March 1, 2015. On May 3, 2011, 153,066 warrants were exercised by a holder not related to Wayzata, with the Company realizing proceeds of \$0.5 million.

On September 3, 2008, the Company issued warrants to Wayzata to purchase up to 600,000 shares at an exercise price of \$15 per share in connection with Wayzata providing the \$10 million Subordinated Term Note to the Company. These warrants are exercisable immediately and, as extended in conjunction with the closing of the Term Loan, expire on March 1, 2015.

On March 1, 2010 warrants for the purchase of up to 1,850,000 shares of the Company's common stock at \$3.00 per share were issued to Wayzata in conjunction with the closing of the \$110.0 million Term A Loan. This warrant has an expiration date of March 1, 2015. Anti-dilution provisions generally similar to those contained in the Company's other outstanding warrants are also applicable for these warrants.

Upon the occurrence of "change in control" default or prepayment events specified in the Company's existing debt agreements, the holders of our indebtedness may require the Company to immediately repurchase or repay that debt on less than favorable terms and these defaults could trigger cross-defaults under other agreements which could result in additional debts and other obligations (including pension obligations) becoming due. Additionally, certain of the Company's material contracts may provide for termination or other penalties in the event of a change in control of the Company. If a change of control is triggered under these agreements, it could have an adverse impact on the Company. For purposes of certain of our agreements, a change of control could be triggered by beneficial ownership of as little as 35 percent of our common stock, calculated in accordance with the relevant agreements. Under the new Term Loan and the ABL Facility, Wayzata is a "permitted holder" and therefore beneficial ownership by Wayzata above these thresholds would not trigger a change of control under those agreements.

A summary of the outstanding warrants and options as of March 31, 2011 is as follows:

Description of holder	Quantity of shares	Shares Exercisable as of March 31, 2011	Exercise price	Expiration Date (s)
Options:				
Various third parties	1,000,000	1,000,000	\$ 10.00	June 1, 2011
Certain Management	1,380,000	920,000	\$ 3.90 *	July 1, 2017 through December 31, 2019
Certain Board of Directors	16,000	16,000	\$ 17.86 *	April 4, 2017 through November 6, 2017
Warrants:				
Holders of extinguished debt:				
Senior subordinated secured note	2,180,267	2,180,267	\$ 3.00	March 1, 2015
Subordinated term note	600,000	600,000	\$ 15.00	March 1, 2015
Term Note holders	1,850,000	1,850,000	\$ 3.00	March 1, 2015
Other warrant holders **	153,066	153,066	\$ 3.00	March 1, 2015
Board of Directors Members - RSU	102,242	-	\$ -	Exercisable only at resignation
* Weighted average				
** Exercised on May 3, 2011				

Liquidity Risks-Restrictions on Transfer

Holders of common stock (a) who acquired shares in the Company's December 2006 or May 2007 private placements or in any other private placement or (b) who acquire such common stock upon conversion of notes or exercise of options or warrants, will be unable to offer or sell their shares except pursuant to an effective Registration Statement or an available exemption from registration under the Securities Act (including, if available, Rule 144 and Rule 144A) and under equivalent state securities or "blue sky" laws. Generally, a holder of common stock that represents in writing to the Company that such holder (a) was not an affiliate of the Company at any time during the three months preceding a sale and (b) has beneficially owned the common stock proposed to be sold for at least one year, is entitled to freely sell such common stock pursuant to Rule 144.

No Assurance that a Public Market for the Common Stock Will Develop

None of the Company's issued securities are registered under the Securities Act or under any other securities laws. Accordingly, in the absence of such registration, the Company's common stock and other securities may be offered or sold only pursuant to an exemption from the registration requirements of the Securities Act (including, if available, Rule 144 and Rule 144A) and similar provisions of applicable state securities laws or pursuant to an effective Registration Statement.

The Company's common stock is not listed on any stock exchange, and the Company cannot predict whether the Company's common stock will be so listed or, if listed, whether the Company will be able to satisfy the applicable listing criteria to remain listed on an ongoing basis in the future. While some of the Company's common stock trades over the counter in the public market and quotes can be obtained through the "Pink Sheets", trading is infrequent and the market highly illiquid. The Company cannot predict if or the extent to which an active trading market might develop for the Company's common stock or how liquid that market might become.

Uncertainty of and Fluctuations in Trading Prices

As there is currently no active public trading market for the Common Stock, there can be no assurance as to the development of any market, or the liquidity of any market that may develop, for the common stock or the ability of the holders to sell their Common Stock. The prices at which shares of the common stock may trade, whether by way of the "Pink Sheets" or in any other public trading market that may develop, cannot be predicted and will not necessarily be related to the Company's book value, net worth or any other established criteria of value. Furthermore, the Company's financial results and the trading prices of the common stock may fluctuate substantially in the future.

No Anticipated Payment of Dividends

Since its emergence from bankruptcy on April 1, 2005, the Company has not declared or paid any dividends on the Common Stock. The Company's credit agreement and other debt agreements restrict the Company's ability to pay dividends. The Company does not anticipate paying any dividends on the common stock in the foreseeable future.

Registration Rights Agreement

The Company is party to a registration rights agreement, dated February 22, 2007, (the "Agreement") with a number of eligible stockholders. Among other things, the Agreement provides the parties thereto (including their transferees) with the right, beginning November 1, 2007, to make two demands that their sales of "registrable shares" (as defined in the Agreement) be registered under applicable Federal securities laws through the filing of a registration statement with the U.S. Securities and Exchange Commission. A first demand pursuant to these registration rights requires at least 13 percent of the aggregate number of issued and outstanding shares of common stock of the Company to demand registration and the demand must be for a number of shares having a market value of at least \$20.0 million. A second demand would require at least 5 percent of the aggregate number of issued and outstanding shares of common stock of the Company having a market value of at least \$10.0 million. In the event of a demand, subject to restrictions in the Agreement, the other parties to the Agreement may be able to register their shares for resale as well. No demand has been made to-date.

A copy of the Agreement is available on the Company's website, www.ormet.com. The description of the Agreement provided in this Statement is provided for convenience only and the rights of parties to the Agreement are governed by the actual terms of the Agreement.

Selected Financial Data

The following table presents selected financial data as to continuing operations as of or for the three months ended March 31, 2011 and 2010 and the year ended December 31, 2010. All data is derived from the consolidated financial statements which are set forth in the Consolidated Financial Report, attached as Exhibit A.

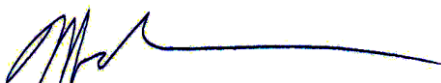
In millions except for per share data	Three Months Ended March 31		Year Ended
	Unaudited	Unaudited	December 31
	2011	2010	2010
Net sales from continuing operations	\$ 124.2	\$ 100.2	\$ 432.7
Total assets	\$ 284.8	\$ 220.6	\$ 277.5
Operating income (loss)	\$ 10.1	\$ 3.4	\$ 22.2
Long-term obligations	\$ 275.7	\$ 301.9	\$ 282.4
Income (loss) from continuing operations	\$ 5.8	\$ 0.3	\$ 42.1
Income (loss) from continuing operations per common share	\$ 0.31	\$ 0.02	\$ 2.28
Net income (loss) per common share	\$ 0.30	\$ 0.01	\$ 2.15

Certifications

I, Michael F. Tanchuk, President and Chief Executive Officer, hereby certify that:

1. I have reviewed this Information and Disclosure Statement;
2. Based on my knowledge, this Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Statement;
3. Based on my knowledge, the consolidated financial statements and other financial information included in this Statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the period presented.

Date: May 23, 2011




Michael F. Tanchuk, President and Chief Executive Officer

I, James Burns Riley, Chief Financial Officer, hereby certify that:

1. I have reviewed this Information and Disclosure Statement;
2. Based on my knowledge, this Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Statement;
3. Based on my knowledge, the consolidated financial statements and other financial information included in this Statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the period presented

Date: May 23 2011



James Burns Riley, Chief Financial Officer

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011

Consolidated Balance Sheet
(000's omitted)

	Unaudited	
	<u>3/31/2011</u>	<u>12/31/2010</u>
ASSETS		
Cash	\$ 1,053	\$ 3,085
Trade accounts receivable, net	27,180	11,422
Inventories (Note 2)	113,203	124,041
Prepaid expense and other current assets (Note 4)	6,168	3,468
Total current assets	<u>147,604</u>	<u>142,016</u>
Property and equipment- net (Note 3)	55,293	53,433
Goodwill (Note 1)	42,284	42,284
Deferred tax asset, net (Note 12)	34,434	34,434
Assets held for sale (Note 13)	3,016	3,016
Other assets (Note 4)	2,168	2,359
TOTAL ASSETS	<u>\$ 284,799</u>	<u>\$ 277,542</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accounts payable	39,131	47,748
Bank line of credit (Note 5)	4,842	-
Deferred Energy discount	8,735	-
Accrued wages and employee benefits	13,771	14,382
Accrued interest	3,779	3,922
Postretirement obligations (Note 11)	9,858	9,544
Other accrued liabilities (Notes 9 and 10)	8,779	6,872
Total current liabilities	<u>88,895</u>	<u>82,468</u>
Long term debt (Note 6)	103,454	102,919
Other liabilities:		
Pension obligations (Note 10)	121,076	126,261
Postretirement obligations (Note 11)	42,743	44,715
Other liabilities (Notes 9 and 10)	8,398	8,479
STOCKHOLDERS' DEFICIT	<u>(79,767)</u>	<u>(87,300)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 284,799</u>	<u>\$ 277,542</u>

The accompanying Notes are an integral part of the Consolidated Financial Statements

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)
(000's omitted)

	Three Months Ended	
	<u>3/31/2011</u>	<u>3/31/2010</u>
Net sales from continuing operations	\$ 124,181	\$ 100,246
Cost of sales	<u>110,332</u>	<u>91,961</u>
Gross profit	13,849	8,285
Operating expenses (income)		
General and administrative expenses	3,745	5,356
Gain on sale of assets	<u>-</u>	<u>(478)</u>
Operating income	10,104	3,407
Non-operating (expenses) income		
Other income, net	253	4,484
Interest expense	<u>(4,604)</u>	<u>(7,589)</u>
Total non-operating expenses	<u>(4,351)</u>	<u>(3,105)</u>
Income before income tax	5,753	302
Provision for income taxes	<u>-</u>	<u>-</u>
Income from continuing operations	5,753	302
Loss from discontinued operations (Note 13)	<u>(218)</u>	<u>(91)</u>
Net income	<u><u>\$ 5,535</u></u>	<u><u>\$ 211</u></u>
Shares outstanding:		
Average during period	18,510	18,462
As of March 31	18,510	18,462
Net income per share from continuing operations	<u>\$ 0.31</u>	<u>\$ 0.02</u>
Net income per share	<u><u>\$ 0.30</u></u>	<u><u>\$ 0.01</u></u>

The accompanying Notes are an integral part of the Consolidated Financial Statements

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011

Consolidated Statement of Stockholder's Deficit

	Common <u>Stock</u>	Additional Paid in <u>Capital</u>	Stock <u>Warrants</u>	Accumulated <u>Deficit</u>	Accumulated Other Comprehensive <u>Loss</u>	<u>Total</u>
Balance January 1, 2009	\$ 18	\$ 172,577	\$ 6,393	\$ (225,953)	\$ (156,426)	\$ (203,391)
Comprehensive loss:						
Net loss	-	-	-	32,774	-	32,774
Net loss – defined benefit pension plan	-	-	-	-	23,085	23,085
Total comprehensive loss	-	-	-	-	-	55,859
Compensation expense (Note 17)	-	2,784	-	-	-	2,784
Balance January 1, 2010	\$ 18	\$ 175,361	\$ 6,393	\$ (193,179)	\$ (133,341)	\$ (144,748)
Comprehensive income:						
Net income	-	-	-	39,752	-	39,752
Prior service cost and net gain – defined benefit pension plan (Note 10)	-	-	-	-	13,337	13,337
Total comprehensive income	-	-	-	-	-	53,089
Issuance of stock w arrants (Note 6)	-	-	3,365	-	-	3,365
Issuance of Common Stock (Note 16)	1	-	-	-	-	1
Compensation expense (Note 17)	-	993	-	-	-	993
Balance December 31, 2010	\$ 19	\$ 176,354	\$ 9,758	\$ (153,427)	\$ (120,004)	\$ (87,300)
Comprehensive income:						
Net income	-	-	-	5,535	-	5,535
Prior service cost and net gain – defined benefit pension plan (Note 10)	-	-	-	-	1,764	1,764
Total comprehensive income	-	-	-	-	-	7,299
Compensation expense (Note 17)	-	234	-	-	-	234
Balance March 31, 2011 (Unaudited)	\$ 19	\$ 176,588	\$ 9,758	\$ (147,892)	\$ (118,240)	\$ (79,767)

The accompanying Notes are an integral part of the Consolidated Financial Statements

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

(000's omitted)

	Three Months Ended March 31,	
	2011	2010
Cash flows from operating activities		
Net income	\$ 5,535	\$ 211
Adjustments to reconcile net income to net cash from:		
Depreciation and amortization	4,778	3,950
Deferred energy discount	8,735	7,699
Deferred interest expense	743	(8,736)
Amortization of pension loss	1,764	1,602
Compensation expense related to options	234	266
Amortization of deferred financing costs	213	1,277
Gain on sale of property and equipment	-	(478)
Net change in:		
Trade accounts receivable	(15,758)	(4,136)
Inventory	10,838	6,273
Prepaid expenses & other assets	(2,672)	(1,808)
Accounts payable	(8,617)	(2,451)
Accrued liabilities & other	362	(3,277)
Pension and postretirement	(6,844)	(30,915)
Net cash used in operating activities	<u>(689)</u>	<u>(30,523)</u>
Cash flows from investing activities		
Proceeds from asset sales	-	516
Capital spending	(6,185)	(1,439)
Net cash used in investing activities	<u>(6,185)</u>	<u>(923)</u>
Cash flows from financing activities		
Repayment of long term loan	-	(43,064)
Proceeds from long term debt	-	101,135
Proceeds (Repayment) on bank line of credit - net	4,842	(4,061)
Payment of financing fees	-	(2,486)
Proceeds from issue of stock w arrants/stock options	-	3,365
Net cash provided (used) by financing activities	<u>4,842</u>	<u>54,889</u>
Net (decrease) increase in cash	<u>(2,032)</u>	<u>23,443</u>
Cash - beginning of period	3,085	4,035
Cash - end of period	<u><u>\$ 1,053</u></u>	<u><u>\$ 27,478</u></u>

The accompanying Notes are an integral part of the Consolidated Financial Statements

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

Note 1 - Nature of Business and Significant Accounting Policies

Ormet Corporation (the "Company") is a manufacturing company that produces aluminum and has the capacity to produce alumina and aluminum billet products and operate a bulk marine terminal. During the first three months of 2011, the years 2010 and 2009, the Company produced and sold aluminum sow only. Operations of the alumina plant and marine terminal were curtailed in the fourth quarter of 2006. Operations at the bulk marine terminal were idled in 2007 and are part of discontinued operations.

Basis of Presentation - The consolidated financial statements include the accounts of Ormet Corporation and its wholly owned subsidiaries. All significant inter-company accounts, balances, and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared on the basis of Generally Accepted Accounting Principles in the United States of America (GAAP). The consolidated financial statements reflect results of operations of the Company for the three months ended March 31, 2011, and 2010 and balance sheet amounts as of March 31, 2011 and December 31, 2010.

Cash and Cash Concentration - The Company maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk related to cash.

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All accounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance for doubtful accounts was \$11 at March 31, 2011 and December 31, 2010.

Inventory - Inventory is stated at the lower of cost or market, with cost determined on the first-in, first-out (FIFO) method.

Property and Equipment - Property and equipment at March 31, 2011 and December 31, 2010 are reported net of accumulated depreciation and amortization. Additions and improvements are recorded at cost. Maintenance and repairs are charged to operations as incurred. Depreciation expense is provided principally using the straight-line method over the estimated useful lives of the various assets, ranging from 54 months for potlines, 7-10 years for equipment and 25 years for buildings and improvements. The carrying value of property and equipment is reviewed for impairment when events or circumstances indicate that the carrying value may not be fully recoverable.

Goodwill and Intangible Assets - The carrying value of intangible assets with a finite useful life is reviewed for impairment when events or changes in circumstances indicate that the carrying value of the intangible assets may not be fully recoverable (see Note 4). Recoverability is determined based on an estimate of the expected future undiscounted cash flows of the intangible assets.

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

Goodwill is not amortized, but rather is assessed at least on an annual basis for impairment. No impairment charge was recognized for the three month period ended March 31, 2011 or the year ended December 31, 2010. It is reasonably possible that management's estimate of the carrying amount of goodwill could change in the near term.

Accounts Payable - Included in accounts payable at March 31, 2011 and December 31, 2010 are approximately \$631 and \$1,114, respectively, of outstanding checks.

Revenue Recognition - Revenue from the sale of primary aluminum is recognized when title, ownership and risk of loss pass to the customer in accordance with contract terms, the price to the customer is fixed or determinable and collectability is reasonably assured. In some instances, customer material is retained in storage on the Company's premises, and is contractually covered by the Company's insurance.

The Company has tolling agreements in place for a substantial amount of its production for the year 2011. The Company recognizes revenue from its tolling conversion operations when the toll conversion process is complete in accordance with contract terms, (i.e. when the customer's alumina has been converted into aluminum, cast and weighed for shipment to the customer), the price to the customer is fixed or determinable and collectivity is reasonably assured.

Asset Retirement Obligations- The Company records the costs for legal obligations associated with the retirement of a tangible long-lived asset that result from its acquisition, construction, development or normal operation as asset retirement obligations ("ARO"). The fair values of these AROs are recorded on a discounted basis, at the time the obligation is incurred, and accreted over time for the change in present value. Additionally, the Company capitalizes asset retirement costs by increasing the carrying amount of the related long-lived assets and depreciating these assets over their remaining useful life.

Discontinued Operations - Balance sheet amounts for discontinued operations are reclassified from their historical presentation in the consolidated balance sheet and reflected as assets and liabilities held for sale, recorded at an amount equal to the lower of carrying value or fair value. If the carrying value is in excess of fair value, a loss is recognized. Fair value is estimated based on all available information, with competitive bids and appraisals considered as being most indicative of fair value.

Discontinued operations, including any gain or loss on sale of assets, are reported separately in the consolidated statement of operations for the period presented. See Note 13 for additional disclosure.

Shipping and Handling Costs - Shipping and handling costs are recognized as a component of costs of sales as they are incurred.

Credit Risk, Major Customers, Suppliers and Labor Concentrations- The majority of sales are to international trading companies with the remainder to manufacturing and distribution companies located principally in the United States. The Company extends credit terms to its customers that are generally practiced

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

in the industry.

Information with respect to significant customers is as follows:

	Number of Significant Customers	Revenues from Customers During the Period	Accounts Receivable from Customers at End of the Period
Three months ended March 31, 2011	3	\$ 111,404	\$ 25,901
Three months ended March 31, 2010	3	\$ 94,250	\$ 6,760
Year Ended December 31, 2010	2	\$ 346,259	\$ 9,578

During the three months ended March 31, 2011 and 2010, trade sales to Glencore and Trafigura who are included in the significant customers above, totaled approximately \$96,010 and \$71,349, respectively. As of March 31, 2011 and December 31, 2010, trade accounts receivable outstanding with two customers totaled approximately \$25,024 and \$7,806, respectively.

Approximately 84 percent of the Company's workforce is covered under a collective bargaining agreement expiring May 31, 2011.

Comprehensive Income (Loss) - Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income (loss). Certain changes in assets and liabilities, however, such as amounts related to defined benefit and other postretirement plans, are reported as a direct adjustment to stockholders' equity. Such items, along with net income or loss, are considered components of other comprehensive income (loss).

Accumulated other comprehensive loss at March 31, 2011 and December 31, 2010 was comprised solely of a defined pension benefit adjustment of \$118,240, and \$120,004, respectively.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Stock Option/ Restricted Stock Units Plans - The Company applies the recognition and measurement provisions of ASC 718-10 to account for employee stock compensation costs, which is referred to as the fair value method. Compensation cost is measured based on the fair value of the equity instruments issued to employees and board of directors. Compensation costs charged to operations was \$234 and \$266 for the three months ended March 31, 2011 and 2010, respectively.

The fair value of each option grant or restricted stock unit is estimated on the date of grant using the

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

Black Scholes option valuation model. See Note 17 for the weighted average assumptions used.

Reclassifications- Certain line items on the 2010 consolidated financial statements have been reclassified to conform to the 2011 presentation.

Subsequent Events- The consolidated financial statements and related disclosure include evaluation of events up through and including May 23, 2011, which is the date the consolidated financial statements were available to be issued.

Note 2 - Inventory

Inventory consists of the following, stated net of obsolescence reserves:

	<u>3/31/2011</u>	<u>12/31/2010</u>
Raw materials	\$ 97,177	\$ 108,424
Work in progress	7,498	9,289
Finished goods	2,826	1,194
Supplies and other -net of obsolescence reserves of \$3,962 and \$3,784 as of 3/31/11 and 12/31/10, respectively	<u>5,702</u>	<u>5,134</u>
Total Inventory	<u>\$ 113,203</u>	<u>\$ 124,041</u>

Changes in the Company's obsolescence reserves are as follows:

	<u>3/31/2011</u>	<u>12/31/2010</u>
Balance at beginning of year/period	\$ 3,784	\$ 3,141
Increase in reserve	<u>178</u>	<u>643</u>
Balance at end of year/period	<u>\$ 3,962</u>	<u>\$ 3,784</u>

In conjunction with the tolling agreement with Glencore for the year 2011, the Company and Glencore agreed to an exchange of alumina inventory in which the Company agreed to provide Glencore in the first quarter of 2011 38,000 metric tons ("tons" or "ton") of alumina which Glencore would replace during the first and second

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

quarter of 2011. The transactions were entered into in contemplation of one another, and therefore should be considered a single transaction between the Company and Glencore as provided by ASC 845-10-30-16. Accordingly, the exchange was recorded at carrying value and since the quantities exchanged are identical, no gain or loss will be recognized. As of March 31, 2011, Glencore had replaced approximately 30,000 tons of the alumina.

Note 3 - Property and Equipment

Major classes of property and equipment are summarized as follows:

	<u>3/31/2011</u>	<u>12/31/2010</u>
Land and land improvements	\$ 3,108	\$ 3,108
Buildings and improvements	8,673	8,673
Machinery and equipment	98,802	93,175
Construction in progress	<u>1,779</u>	<u>979</u>
Total cost	112,362	105,935
Accumulated depreciation	<u>57,069</u>	<u>52,502</u>
Net property and equipment	<u>\$ 55,293</u>	<u>\$ 53,433</u>

Depreciation expense was \$4,760 and \$3,932, for the three months ended March 31, 2011, and 2010, respectively.

Note 4 - Other Assets

Intangible assets of the Company are summarized as follows:

	<u>3/31/2011</u>		<u>12/31/2010</u>	
Amortized intangible assets -	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
License agreements	<u>\$ 558</u>	<u>\$ 338</u>	<u>\$ 558</u>	<u>\$ 320</u>

Amortization expense for intangible assets totaled approximately \$18 and \$18 for the three months ended March 31, 2011 and 2010, respectively.

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

Estimated amortization expenses for the years ending December 31 are as follows:

Estimated amortization expense:		
2011	\$	71
2012		55
2013		37
2014		37
2015		38
Total:	\$	<u>238</u>

Deferred finance charges represent legal, consulting, and financial costs associated with debt financing. Such charges are amortized over the respective terms of related debt agreements and any unamortized amounts are charged to expense when an obligation is refinanced. The Company expensed \$213 and \$531 of deferred financing costs previously capitalized for the three months ended March 31, 2011 and 2010, respectively. As described in Note 5 and Note 6, in conjunction with the refinancing of the Company's long term debt and the Amended and Restated Loan and Security Agreement (the ABL Facility) in March 2010, the Company expensed an additional \$746 of deferred financing fees during the three month period ended March 31, 2010. The total financing fees paid and capitalized with the ABL Facility and the refinancing of the Company's long term debt was \$2,785.

The schedule below details prepaid expenses, other current assets and other assets at March 31, 2011 and December 31, 2010, respectively.

	3/31/2011	12/31/2010
Current deferred tax asset (Note 12)	\$ 2,066	\$ 2,066
Prepaid insurance	1,470	376
Prepaid freight	1,489	-
Prepaid power	92	92
Prepaid materials	-	500
Other	1,051	434
Total prepaid expense and other current assets	\$ 6,168	\$ 3,468
Deferred financing costs, net of accumulated amortization of \$876 and \$663 at March 31, 2011 and December 31, 2010, respectively	\$ 1,948	\$ 2,121
Intangible assets	220	238
Total other assets	\$ 2,168	\$ 2,359

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

Note 5 - Credit Facilities

On March 1, 2010 the Company and Wachovia Capital Finance Corporation (Central), as agent, executed an asset backed lending Facility ("ABL Facility") with a maximum credit limit of \$50,000 which expires on March 1, 2013. The ABL Facility is secured in first priority by cash, accounts receivable and inventory. The ABL Facility amended and restated the previous Loan and Security Agreement which was to expire on March 1, 2010. The \$50,000 ABL Facility is subject to borrowing base availability calculation for accounts receivable and inventory. There is no maximum availability limit for either accounts receivable or inventory. The calculated borrowing base availability is subject to a reserve of \$2,000 or the amount of the upcoming quarterly pension contribution, whichever is greater. Interest is based on the London Interbank Offered Rate ("LIBOR") plus 2.75 percent, with a 2 percent minimum LIBOR rate or the prime rate plus 0.50 percent depending on whether the Company has LIBOR contracts in place. The ABL also has a commitment fee of 0.625 percent on the unused balance.

At March 31, 2011 and December 31, 2010, there were \$4,842 and \$0, respectively of outstanding borrowings on the ABL facility at the prime plus 0.50 percent rate. Letters of Credit outstanding as of March 31, 2011 and December 31, 2010 were \$6,061.

Note 6 - Notes Payable

Long-term debt is as follows:

	<u>3/31/2011</u>	<u>12/31/2010</u>
Term Loan issued to private investment funds	\$ 103,454	\$ 102,919
Total	<u>\$ 103,454</u>	<u>\$ 102,919</u>

On March 1, 2010, the Company completed a refinancing of its Senior Secured Subordinated Notes due November 1, 2010 and Subordinated Term Note due November 30, 2010 (collectively the "Old Notes") with the incurrence of a new four year term loan under a Term Loan and Security Agreement (the "Term Loan") due March 2, 2014 with a principal amount of \$110,000 and issued at 95 percent of the principal amount with Bank of New York Mellon as agent for certain lenders in the Term Loan.

Interest expense for the three months ended March 31, 2011, and 2010 was \$4,604, and \$7,589, respectively. Interest expense for 2010 included \$1,435 of interest expense accrued for the Term Loan as well as \$3,471 of interest expense and a pre-payment penalty of \$2,702 related to the Old Notes.

In addition to paying the outstanding principal, accrued interest and prepayment premium on the Old Notes, the remaining proceeds were used to make a contribution of \$23,819 to the Company's pension plan, pay transaction fees, and pay off the then outstanding loans under the existing Loan & Security Agreement, with \$18,577 remaining in cash to be used for general corporate purposes. The contribution into the Company's

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

defined benefit pension plan allowed the PBGC to release its lien that was granted when the Company received the funding waiver for the 2006 plan year pension contribution.

The Term Loan has a 14 percent interest rate, payable quarterly. In addition, a detachable five year warrant was issued to purchase 1,850,000 of the Company's common stock for \$3.00 per share. The Term Loan also contains certain usual and customary covenants requiring the Company to meet specific EBITDA levels, restrictions on capital expenditures and collateral amounts,

Specific terms of the early retirement of the Old Notes required the following payments of:

1. the Senior Secured Subordinated Note principal balance of \$44,035 plus 5 percent prepayment premium of \$2,202, accrued interest through the funding date of \$746 and
2. the Subordinated Term Note principal balance of \$10,000 plus 5 percent prepayment premium of \$500 and accrued interest through the funding date of \$2,725.

The detachable warrants associated with the Old Notes remain exercisable immediately with an amendment extending the expiration date from November 1, 2011 to March 1, 2015. After the refinancing, outstanding warrants for purchase of the Company's common stock total 4,783,333 with an average exercise price of \$4.51/share. The valuation of the new warrants issued with the Term Loan and the amended value of the warrants associated to the Old Notes resulted in \$2,100 and \$1,265, respectively being recorded as additional paid in capital.

Since approximately 81.8 percent of the Company's Stockholders are held in "street" name, the identity of many of the beneficial owners of our common stock and their holdings are not known to the Company. Due to the Company's limited SEC reporting status under Rule 15c2-11 as amended, no requirement exists for stockholders who own more than 5 percent of its shares to file notification with the Company or the SEC. As such, since December 31, 2008, the Company has been unable to verify if any of the Term Loan holders are a related party as defined by the SEC. Of the Company's 4,783,333 outstanding debt related warrants, 3,690,121 are held by Wayzata as of March 31, 2011. If Wayzata were to exercise these warrants in full, the shares issuable upon exercise of the warrants would represent approximately 16.6 percent of the Company's outstanding shares after giving effect to such exercise. Any such shares would be in addition to shares of the Company's common stock owned outright by Wayzata and its position as a significant lender to the Company.

Note 7 - Lease Obligations

The Company has executed various operating lease agreements for office and plant equipment and barge fleeting rights. During the three months ended March 31, 2011 and 2010, the Company charged \$14 and \$36, respectively, to lease expense under these agreements.

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

The future minimum lease payments under operating leases are as follows:

Years ending December 31	Amount
2011	\$ 37
2012	27
2013	27
2014	10
2015	3
Total	<u>\$ 104</u>

Note 8 - Self-insurance

The Company is partially self-insured for health, medical, dental, vision, prescription drug, and workers' compensation for the benefit of substantially all employees. Health and medical protection in excess of a minimum specific self-insured amount is provided under a group health and medical reinsurance policy. The maximum specific liability for health and medical for the Company is limited to approximated \$500 per employee via a stop loss insurance policy. The maximum specific liability for workers' compensation not covered by insurance is approximately \$1,000 per claimant in 2011 and 2010. The contingent liability of the Company for additional claims, for which it would be liable, before the reinsurance policy pays claims, was approximately \$1,916 and \$2,053 at March 31, 2011 and December 31, 2010, respectively. The Company has also accrued \$4,099 and \$4,255 for known claims at March 31, 2011 and December 31, 2010, respectively to be paid in 2011 and later years. Expenses incurred under the plans, including administrative fees, for the three months ended March 31, 2011 and 2010 were \$3,240 and \$2,765, respectively.

Note 9 –Commitments and Contingencies

Contracts

On September 16, 2009 the Company and AEP executed a new power agreement. For calendar years 2010 through 2018, the Public Utilities Commission of Ohio ("PUCO") approved the link of the Company's electric rate to the price of aluminum as reported on the LME, but modified the agreement to include a maximum annual electric discount for the Company of \$60,000 annually for the years 2010 and 2011. For the year 2012 the annual maximum amount is \$54,000 which is reduced by \$10,000 each year thereafter from 2013 until phased out by 2018. Commencing in 2013, Ormet may use, in any current year, any unused portion of the maximum discount from previous years, subject to the discount limit in the current year. On a monthly basis, the maximum discount cannot exceed 12.5 percent of such annual limit. This discount will be subject to reduction if employment levels at the Hannibal facility fall below 601 employees. For the three months ended March 31, 2011, the Company's recognized average cost of electricity consumed was \$32.89 per MWh, while the cash cost was \$23.73 /MWh

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

On December 9, 2010, the Company entered into a bauxite purchase contract with Vale International, SA for the second half of 2011 and the year 2012. The bauxite, produced by Mineração Rio do Norte (MRN), would supply a major portion of its requirements for the Burnside alumina refinery when restarted. The Burnside alumina refinery consumes approximately 1.2 million tons of bauxite annually when operating at capacity. The contract is non cancellable by either party; therefore the Company will be required to purchase the full amount dictated by the contract. The price is based on the 'MRN Formula Price', which considers changes in the price of alumina and aluminum.

The Company's collective bargaining agreement at the Hannibal facility expires on May 31, 2011. The Company has recently begun negotiations for a new labor agreement for the Hannibal smelter.

On March 1, 2011, the Company and the USWA entered into a new collective bargaining agreement that will cover hourly workers at the Burnside, LA alumina refinery if the refinery is restarted. The agreement has an expiration date of December 31, 2014.

Environmental matters

In 1995, the Predecessor Company (Ormet Corporation prior to filing in 2004 and emerging from bankruptcy in 2005) reached an agreement in the form of a consent decree with the U.S. Environmental Protection Agency (USEPA) under which the Predecessor Company had been remediating a contaminated site located on its smelter property at Hannibal, Ohio. On December 5, 2007, the Company and the USEPA reached agreement regarding financial assurance concerning the 1995 Consent Decree. This agreement requires that the Company establish an irrevocable letter of credit of \$600 by December 21, 2007; an increase in the letter of credit ("LC") by a minimum of \$300 to be provided on or before December 21, 2008 and finally an additional \$2,500 maximum increase in the letter of credit to a total of \$3,400 no later than December 21, 2009. The issuance of the additional LC's can be accelerated based on the average quarterly prime aluminum LME cash settlement price, if the LME price exceeds certain thresholds. The average LME prices for the second and third quarters of 2008 resulted in the issuance of additional LC's amounting to \$900 in 2008. During December 2009, the USEPA agreed to extend the December 31, 2009 deadline for the final LC posting until March 31, 2010, which was extended again on March 26, 2010 until May 31, 2010. On May 28, 2010 the USEPA agreed to allow the Company to stop treatment of site groundwater (which will not be effective until an amendment to the consent decree and record of decision is issued) and agreed to an extension until July 30, 2010 to allow the Company to submit a reduced Operating and Maintenance ("O&M") cost plan and request a reduced financial assurance amount, which was submitted on time by the Company. The Company and the USEPA are currently evaluating a reduction of future remediation costs based on USEPA's agreement to stop treatment and the aforementioned O&M plan and the consent decree deadline for the final LC determination has been extended again from April 30, 2011 until June 30, 2011. For the three months ended March 31, 2011, and 2010, charges (in excess of accrued expenses) totaled \$64 and \$51, respectively, in remediation costs. The estimated liability at March 31, 2011 and December 31, 2010 is \$2,550 and \$2,612, respectively. The Company believes the remaining liability amount is sufficient to satisfy its future obligations for maintenance and operating costs.

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

As a result of inspections at the idled alumina refinery performed by the Company during the fourth quarter of 2010, it was discovered that asbestos remediation would be required at the facility due to earlier storm damage. Accordingly, the Company has recorded an asbestos remediation liability of \$3,249 as of March 31, 2011 and December 31, 2010. The Company began remediation work in the beginning of the second quarter of 2011.

Asset Retirement Obligations

ASC 410-20-35 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company's asset retirement obligations consist of costs related to the disposal of certain spent potlining associated with the Hannibal, OH smelter. While management believes the ARO recorded represent reasonable estimates of these future costs, such estimates are subject to change due to a number of factors, including changes in regulatory requirements and costs of labor and materials.

The current portion of the liability is \$1,686 at March 31, 2011 and December 31, 2010 and is recorded in accrued liabilities in the accompanying consolidated balance sheet. The remaining non-current portion of \$5,279 and \$5,173 at March 31, 2011 and December 31, 2010, respectively is included in other long-term liabilities in the accompanying consolidated balance sheet. The ARO is estimated at fair value using a discounted cash flow approach using a credit-adjusted risk-free discount rate of 7.0 percent. Additionally, the Company capitalized asset retirement costs of approximately \$6,859 upon recognition of the ARO in 2010 by increasing the carrying amount of the related long-lived assets and is depreciating these assets over their remaining useful life of 54 months. The reconciliation of the ARO obligation is presented below:

	<u>3/31/2011</u>
Beginning balance, ARO liability	\$ 6,859
Additional liability incurred	466
ARO liabilities settled	(478)
Accretion Expense	118
Ending balance, ARO liability	<u><u>\$ 6,965</u></u>

The alumina refinery at Burnside, LA has a solid waste site to handle the red mud surface impoundment for bauxite tailings. This site occupies approximately 350 acres of the 1,550 acres available surrounding the refinery. When the alumina facility reaches the end of its useful life the Company will have an obligation to maintain the integrity of the solid waste site. The Company believes that its ability to utilize the remaining 1,200 acres of land, make the useful life of the alumina refinery indeterminable and therefore an indeterminate settlement date for the establishment of an obligation associated with the red mud lakes. Since the Company has decided to restart the Burnside alumina facility, the assumptions related to the need to establish an asset retirement obligation for the solid waste site could change in the future.

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

Legal Proceedings

Various lawsuits, claims, and proceedings have been or may be instituted or asserted against the Company, including those pertaining to environmental, product liability, labor, safety, and health matters, including significant asbestos claims. Management believes that the disposition of any such matters will not have a material effect on the Company's financial condition or will be covered by insurance except for approximately \$525, which has been recorded as a liability as of March 31, 2011 and December 31, 2010.

The Company was a party to a series of rate filings seeking Seams Elimination Cost Adjustments ("SECA") before the Federal Energy Regulatory Commission ("FERC") by various transmission owners. On May 21, 2010, FERC issued an order affirming in part and reversing in part the ALJ's Initial Decision. As a result, under the FERC's order, the Company's estimated financial obligation for the filings would be a de minimis amount. Several parties have sought rehearing of FERC's order. However, no party challenged FERC's ruling on the issue that reduced the Company's estimated financial obligation for the filings from approximately \$6,100 to the current de minimis amount. Following a FERC decision on rehearing, appeals to a United States Court of Appeals are possible. The Company has recorded a de minimis contingent liability in anticipation of a future settlement of this issue.

In June 2006, the Company was advised by one of its international customers that they would not take delivery of alumina that it was contractually obligated to purchase from the Company in July and August 2006. The Company initiated legal action to recover monetary damages from this customer, attempted to negotiate a settlement and commenced an arbitration process before the International Court of Arbitration of the International Chamber of Commerce. On April 13, 2010, the parties agreed to withdraw their respective lawsuits and settled the matter. As a result of the settlement agreement, neither party paid or collected any monetary damages. The Company reversed a previously recorded contingent liability of \$3,200 effective March 31, 2010. The reversal is reflected in the non operating income portion of the consolidated statement of operations for the three month period ended March 31, 2010.

On November 12, 2009, AEP filed an appeal to the Supreme Court of the State of Ohio ('State Supreme Court') of PUCO's orders approving the Company's contract with AEP. While the Company can never predict the outcome of litigation, the Company maintains that the PUCO acted entirely within its statutory authority in approving the Company's contract with AEP, and that the orders approving the contract therefore should be upheld on appeal. The essence of AEP's appeal is that the PUCO should not have ordered it to enter into a contract where AEP cannot recover from other customers all delta revenues (the difference between the contract rate and AEP's standard rate) arising from the discount the Company receives (in this case, the PUCO denied AEP recovery of the portion of delta revenues related to its provider of last resort charge). AEP is seeking to be allowed to recover such provider of last resort amounts from its other ratepayers each year under the contract. The Company has intervened in the case and intends to vigorously defend the PUCO's orders. On March 22, 2011 all parties appeared before the full State Supreme Court and presented their oral arguments. The Court's opinion has not yet been issued, but is expected in the second half of 2011.

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

Note 10 - Retirement Plans

Defined Benefit Plans

The three defined benefit plans maintained by the Company which are under a single master trust, cover substantially all existing hourly employees with a start date prior to June 1, 2006 and salaried employees with a start date prior to April 15, 2007. The plan covering salaried employees generally provides benefits based on years of credited service and average earnings. Plans covering hourly employees generally provide benefits based on years of service and a specific benefit amount. All plans use measurement dates of December 31, 2010 and 2009. The Company funds the plans in a range defined by the minimum and maximum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

As a result of negotiations of the new collective bargaining agreement in 2006, the Burnside and Hannibal Hourly defined benefit plans were closed to new participants as of June 1, 2006. Existing hourly participants of the plan at June 1, 2006 continue to earn credited years of service; however, the benefit rate in effect at June 1, 2006 will remain unchanged for future years. The salaried plan was closed to new participants as of April 15, 2007.

In addition, effective July 1, 2006, all hourly employees were eligible to participate in a USWA sponsored multi-employer defined benefit pension plan. As a result, the Company is obligated to make monthly contributions to this plan based on the number of hours worked by its hourly employees. The Company had contributed \$339 and \$310, for the three months ended March 31, 2011 and 2010, respectively. While contributions are based on an employee's contributory hours, federal laws impose certain contingent liabilities on contributors to multi-employer plans such as this. In the event of withdrawal from the plan and under certain other conditions, a contributor to a multi-employer pension plan may be liable to the plan in accordance with formulas established by law. The Company's portion of plan assets and accumulated benefits has not been determined and will only be disclosed to the Company by the USWA if and when the Company withdraws from the plan; therefore, the contingent liability, if any, is not determinable.

In 2007, the Company recorded a \$2,220 expense to provide for the withdrawal liability from a multi-employer pension plan associated with the International Longshoremen's Association (ILA) at the Burnside Terminal facility. The Company was notified in 2008 that the withdrawal liability is \$1,800 and during the second quarter of 2008 began to make payments based on an amortized payment schedule at 4.6 percent interest of 13 quarterly payments with the final payment to occur during May 2011. As of March 31, 2011 and December 31, 2010, the Company recorded a liability of \$149 and \$295, respectively, related to this withdrawal liability.

The Company maintains a number of defined contribution savings plans covering substantially all of its employees. For the three months ended March 31, 2011, and 2010 the Company incurred charges of approximately \$63 and \$55, respectively, representing the Company's fixed and discretionary matching contributions to the plans.

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

Defined Benefit Plan Contributions

The Company contributed \$5,351 to its pension plan during the three months ended March 31, 2011 of the total expected contribution of \$29,954 for 2011.

All contributions to the Plan are made by the Company. The Company contributes such amounts, as determined on an actuarial basis, to provide the Plan with assets sufficient to meet the projected benefits to be paid to plan participants. No participant contributions are permitted or required.

The following benefit payments, which reflect future service, as appropriate, are expected to be paid:

Fiscal Year	Benefit payments
2011	\$ 33,918
2012	33,722
2013	33,624
2014	33,311
2015	32,982
2016 -2020	160,952

Note 11 - Postretirement Health Plan

The Company sponsors two plans which covered all eligible hourly employees and salaried employees except for the hourly employees at its Burnside, Louisiana alumina production facility. The hourly Burnside Alumina production facility hourly employees began coverage under their plan effective January 1, 2007. Based on negotiated collective bargaining agreements, the Company is required to make fixed periodic contributions into the Voluntary Employee Beneficiary Association (VEBA) trust for its retired hourly employees.

Company contributions to the Hannibal, Ohio hourly VEBA are contractually required through May 31, 2018. Company funding of the salary VEBA is required by a Board of Directors resolution through May 31, 2018. The current collective bargaining agreement, requires within fifteen days after the Company releases its quarterly financial statements, a variable contribution, when applicable, equal to 5 percent of the Company's "profits" (as defined in the respective Collective Bargaining Agreement) are to be made to the Hannibal hourly VEBA. During 2007, the collective bargaining agreement was amended and the scheduled 2008 Company contributions (including the aforementioned 5 percent profit sharing contribution) to the Hannibal Hourly Trust were deferred until 2010 and 2011. In conjunction with the extension of the collective bargaining agreement through May 31, 2011, the scheduled 2008 Company contributions to the Hannibal Hourly Trust that were further deferred until

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

2011 and 2012 and did commence in January 2011. Company contributions to the Burnside, Louisiana hourly VEBA ended December 31, 2010. The Company had also agreed to make a payment to the hourly VEBA Trust if a sale of the Company occurred or if the Company's stock was listed on a national exchange. On July 17, 2007, the Company settled this provision by contributing the net proceeds of \$12,675 from the sale of 1,000,000 common stock options (which such options expire on June 1, 2011) at an option price of \$10 per share to the Hannibal Hourly VEBA. The Company's only obligation is to fund the VEBAs as described above.

As of March 31, 2011 and December 31, 2010, the estimated obligation excluding any profit sharing contributions of the Hourly VEBA was \$47,369 and \$48,882, respectively. The Company expects to contribute (excluding any potential profit sharing contributions) \$8,958 in 2011 and contributed \$7,440, in 2010 to the hourly VEBA trust. The Company contributed an additional \$2,924, to the Hannibal Hourly VEBA related to the 5 percent profit sharing contribution in the year ended December 31, 2010. As noted above, the 2008 Profit based contribution has been deferred. At March 31, 2011 and December 31, 2010 accrued profit sharing contributions to the Hannibal, Ohio hourly VEBA were \$1,547 and \$1,295, respectively and are included in other accrued liabilities and other liabilities.

As of March 31, 2011 and December 31, 2010, the estimated obligation of the Salary VEBA was \$5,232 and \$5,377, respectively. The Company expects to contribute \$900 in 2011 and contributed \$900 in 2010 to the Salary VEBA trust.

Expenses associated with the above described VEBA plans totaled \$806 and \$869 for the three months ended March 31, 2011 and 2010, respectively.

Note 12 - Income Taxes

The provision for income taxes consists of the following:

	<u>3/31/2011</u>	<u>3/31/2010</u>
Income tax expense, computed at 35 percent	\$ 1,937	\$ 74
Valuation allowance	(1,937)	(74)
Total income tax expense (benefit)	<u>\$ -</u>	<u>\$ -</u>

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

The details of the deferred tax asset (liability) are as follows:

	3/31/2011	12/31/2010
Total deferred tax liabilities	\$ (3,719)	\$ (3,719)
Total current deferred tax assets	2,066	2,066
Total long term deferred tax assets	153,436	155,373
Valuation allowance recognized for deferred tax assets	(115,283)	(117,220)
Total	\$ 36,500	\$ 36,500

Deferred tax liabilities result principally from accelerated methods of depreciation and other asset basis differences resulting from fresh start accounting. Deferred tax assets result from recognition of expenses for financial reporting purposes that are not deductible for tax purposes until paid. Also included with deferred tax assets are federal income tax net operating losses and charitable contribution carry forwards of approximately \$211,997 that are available to offset future taxable income. The availability of the net operating loss is limited under Internal Revenue Code Section 382 due to a change in control that occurred in May 2007. Net operating losses of \$87,050 are subject to an annual Section 382 limitation of approximately \$12,585. The Company has not utilized a portion of the previous annual limitations leaving an unutilized cumulative annual limitation of approximately \$49,087. Valuation allowances of \$115,283 and \$117,220 have been recognized at March 31, 2011 and December 31, 2010, respectively, to reduce the net deferred tax assets principally due to the uncertainty of realizing their full benefit.

The Company analyzed the impact of ASC 740-10, *Uncertain Tax Positions*, and determined it did not impact current and deferred income tax expense for 2011 or previous years open to audit with the various taxing jurisdictions.

Note 13 - Discontinued Operations

During 2007, the Company discontinued operations at its marine terminal facility. Property and equipment with a net book value at March 31, 2011 and December 31, 2010 of \$3,016 was considered held for sale and has been reclassified from property and equipment.

Note 14 - Supplemental Cash Flow Information

Cash paid for interest totaled \$4,148 and \$6,765 for the three months ended March 31, 2011 and 2010, respectively. The amount for 2010 includes \$3,471 paid upon the extinguishment of the Old Notes, of which \$2,725 was for the Subordinated Term Note and \$746 for the Senior Secured Subordinated Note and a pre payment premium of \$2,702. Payment of an income tax deposit totaled \$70 during the three month period ended March 31, 2010. There were no income tax payments made for the three month period ending March 31, 2011. A significant non cash event for the three month period ending March 31, 2011, was an increase in the ARO

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, In \$,000's)

liability of \$466 related to the disposal of spent potlining material.

Note 15 - Fair Value of Financial Instruments

At March 31, 2011 and December 31, 2010, the Company had financial instruments that were valued as follows:

Short-term Financial Instruments - The fair values of short-term financial instruments, including cash, restricted cash, trade accounts receivable and payable, other receivables, and accrued liabilities approximate the instruments carrying amounts in the accompanying consolidated financial statements due to their short maturity. Based on borrowing rates currently available to the Company, the carrying value of lines of credit approximates fair value.

Notes payable- Based on borrowing rates available to the Company, the carrying value of the notes payable at March 31, 2011 and December 31, 2010 approximates \$103,454 and \$102,919 respectively.

Note 16 - Capital Stock

At March 31, 2011, and December 31, 2010 common stock consists of 50,000,000 authorized shares of \$0.001 par value stock of which there were 18,509,934 shares issued and outstanding. The Company also has authorized 1,000,000 shares of preferred stock with no par value. There was no outstanding preferred stock at March 31, 2011 and December 31, 2010.

The Company's stock is subject to a registration rights agreement (the "Agreement"). Among other things, the Agreement provides the parties thereto (including their transferees) with the right to make two demands that their sales of "registrable shares" (as defined in the Agreement) be registered under applicable federal securities laws through the filing of a registration statement with the SEC. The first demand requires at least 13 percent of the aggregate number of shares of common stock of the Company and that the demand is for a number of shares having a market value equal to at least \$20,000. The second demand requires at least 5 percent of the aggregate number of shares of common stock of the Company and the number of shares has a market value equal to at least \$10,000. In the event of a demand, subject to restrictions in the agreement, the other parties to the agreement may be able to register their shares for resale as well.

The registration rights under the Agreement are transferable in connection with a sale of Company common stock. To facilitate such transfers, the Company has agreed to make available to the parties of the Agreement and their prospective transferees, certain information relating to the Company as may be necessary to enable the party to make sales of Company common stock pursuant to Rule 144A under the Securities Act of 1933. There has been no demand for registration as of March 31, 2011.

The Bankruptcy Court held a status conference on March 18, 2010 and issued the Final Decree effective retroactively to June 8, 2008. As a result of the issuance of the Final Decree the 47,982 shares that were

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

allocated among the pre petition creditors were distributed on July 13, 2010. No cash was received by the Company as a result of the distribution of these shares.

A summary of outstanding stock options and warrants is shown below:

Description of holder	Quantity of shares	Shares Exercisable as of March 31, 2011	Exercise price	Expiration Date (s)
Options:				
Various third parties	1,000,000	1,000,000	\$ 10.00	June 1, 2011
Certain Management	1,380,000	920,000	\$ 3.90 *	July 1, 2017 through December 31, 2019
Certain Board of Directors	16,000	16,000	\$ 17.86 *	April 4, 2017 through November 6, 2017
Warrants:				
Holders of extinguished debt:				
Senior subordinated secured note	2,180,267	2,180,267	\$ 3.00	March 1, 2015
Subordinated term note	600,000	600,000	\$ 15.00	March 1, 2015
Term Note holders	1,850,000	1,850,000	\$ 3.00	March 1, 2015
Other w warrant holders **	153,066	153,066	\$ 3.00	March 1, 2015
Board of Directors Members - RSU	102,242	-	\$ -	Exercisable only at resignation
* Weighted average				
** Exercised on May 3, 2011				

Note 17- Stock Option / Restricted Stock Units Plans

During 2007, the Company adopted a stock-based compensation plan for certain employees. Under the plan, the Company may grant options for up to 1,500,000 shares of common stock. The maximum term of the options is 10 years from the date of grant and they vest either immediately or over a three-year period (see details below).

In May 2008, the Company's Board of Directors approved 560,000 option grants for senior management as part of an annual compensation review. These options have a three year vesting period and an exercise price of \$7.58 based on the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008. A portion of these shares, 10,000, were forfeited in 2009 as a result of a participant's separation from the Company.

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

On March 12, 2009, the Company's Board of Directors approved 550,000 option grants for senior management as part of an annual compensation review. On September 28, 2009, the Board issued these new options to senior management, upon the surrender of the option grants of 550,000 shares granted to senior management in 2007. These new grants will vest ratably over three years (one third each on December 31, 2009, 2010, and 2011) and are exercisable upon vesting. The exercise price of \$1.22 per share was based on the Company's average closing stock price from September 28, 2009 through October 2, 2009. These options expire on September 28, 2019 and are exercisable upon vesting.

On December 14, 2009, the Company's Board of Directors granted 280,000 options to senior management with a strike price of \$1.92 per share, which was based on the average closing price of the Company's stock from December 15, 2009 through December 21, 2009. These options will vest over three years, with one third each on December 31, 2009, 2010 and 2011. The options expire on December 14, 2019 and are exercisable upon vesting.

As of March 31, 2011 and December 31, 2010, there was \$284 and \$518, respectively, of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the plan. The remaining cost is expected to be recognized during 2011. The Company recognized compensation costs of \$234 and \$222 related to the plan for the three months ended March 31, 2011 and 2010, respectively.

The fair value of each option award is estimated on the date of grant using a Black Scholes option valuation model that uses the weighted average assumptions noted in the following table. Expected volatilities are based on historical volatility of comparable companies. As the Company has no historical data, management has concluded to use a safe harbor methodology to estimate the option exercise within the valuation model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

Range of expected volatility	40.00%
Expected term (in years)	6
Risk free rate	3.30%-3.85%

In May 2008, as part of a redesigned non-employee directors compensation program developed with the assistance of a nationally recognized compensation consultant, which redesign was intended to significantly reduce the cash component of the director's compensation, the Company's Board of Directors approved the grant of 102,242 restricted stock units ("RSU's") for non-employee directors, having a value of \$775 in the aggregate (with the number of restricted stock units to be set by reference to the per share price of \$7.58 that was the average closing price per share of the Company's common stock that occurred from May 19, 2008 through May 23, 2008). These RSU's were fully vested by May 23, 2010. Shares underlying the RSU's will not be delivered until the director's separation from service.

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

The fair value of each RSU awarded is estimated using the same method as the option awards described above. The weighted average grant-date fair value of the restricted units granted was \$7.58 per share.

As of December 31, 2010, all compensation costs related to the restricted stock unit plan have been recognized. The Company incurred compensation costs of \$44 for the three months ended March 31, 2010 relating to the plan.

Due to the significant dilution that would occur as a result of the Company's current low stock price, on April 3, 2009, the Board of Directors voted to terminate the restricted stock unit plan for non employee directors for 2009 and 2010 only. The Board then adopted a compensation plan, in addition to any past plan and not in lieu thereof, to consist of (i) the annual cash retainers and cash chair supplements, payable quarterly, as the sole form of directors' compensation program for 2009 and (ii) a cash retainer component in an amount equal to 50 percent of the sum of the annual retainer and chair supplement, if any, with such retainer to be paid 40 percent (of such 50 percent) at the end of the fourth quarter of 2009 and 60 percent (of such 50 percent) payable at the end of the fourth quarter of 2010. On October 26, 2010, the Board voted to continue the suspension of the RSU's and continue the cash compensation program for 2011. For the three months ended March 31, 2011 and 2010, the Company recognized \$148 and \$44, respectively in Directors compensation under the new plan.

Note 18- Subsequent Events

In April 2011, the Company entered into a series of forward fixed price hedging contracts of which approximately 3,000 tons per month were designed to mitigate any exposure from declines in the LME from April 2011 through December 2011. Also in April 2011 the Company entered in to another series of forward contracts for the purpose of hedging an additional 1,500 tons per month from April 2012 through December 2012. The total fair value for these forward contracts is approximately \$99,017 as of April 30, 2011 and would equate to an OCI loss of \$3,475. For the period of May 2011 through December 2011 approximately 80 percent of the metal units available to be pre-priced have been locked in at an array of prices with an additional 17 percent of the metal units available being hedged. For the period January 2012 through December 2012 approximately 25 percent of the metal units available to be pre-priced have been locked in at an array of prices with an additional 5 percent of the metal units available being hedged. Based on ASC 815, the Company intends to account for these contracts as a cash flow hedge.

On May 3, 2011, 153,066 warrants associated with the Old Notes were exercised by a holder not related to Wayzata with the Company receiving \$500.

On May 6, 2011, the Company entered into Amendment No. 1 of the Term Loan with the lenders of the \$110,000 Term Loan ("Term A Loan") and at the same time, amended the current revolving credit facility as described below. The amendment to the Term Loan provided for an additional loan ("Term B Loan") with a face

Exhibit A
Ormet Corporation
Consolidated Financial Statements
March 31, 2011
(Except per share amounts, in \$,000's)

value of \$30,000 that matures on March 2, 2014 and was borrowed at a 5 percent original issue discount. The Term B loan also bears interest at 14 percent per annum, payable in cash quarterly. The Term B Loan is pre - payable at par by the Company after March 1, 2012, with all other terms and conditions (including inter-creditor agreements) remaining substantially the same as the Term Loan. The Term Loan was also amended to allow for the additional debt, revise the capital spending limitations for 2011 and thereafter, and allow for the State of Louisiana to take a first mortgage on two parcels at Burnside in conjunction with entering into a \$1,500 Economic Development Loan Program, which the Company has an application pending for such loan.

Concurrently with the amendment of the Term Loan, the Company entered into an amendment to the ABL Facility. The amendment increased the credit limit to \$60,000 from \$50,000. The ABL Facility was amended to allow for the additional debt, revise the capital spending limitations for 2011 and 2012, and allow for the State of Louisiana to take a first mortgage on a parcel of land at Burnside in conjunction with entering into the same \$1,500 Economic Development Loan Program. The Company believes that the proceeds of the new debt under the Term Loan and the increased ABL facility availability and support from the State of Louisiana will provide sufficient funds and liquidity to restart and operate the alumina refinery.

The Company has begun hiring employees and equipment refurbishment and other maintenance to bring the refinery back online with a targeted restart in October 2011.

On May 9, 2011, the Company agreed to an Administrative Order on Consent (AOC) with the Louisiana Department of Environmental Quality. The AOC establishes guidelines for the Company to provide financial assurance that is required for the continued operation of the red mud lake surface impoundment located in Burnside, LA.

On May 11, 2011, the Company entered into an Asset Purchase Agreement (APA) for the sale of its Burnside, Louisiana marine terminal assets and certain specified parcels of land. The closing is anticipated to occur in the second quarter 2011. The net proceeds will be distributed in accordance with the terms of the Company's Term Loan and Security Agreement. At the closing a separate Terminal Services Agreement (TSA) will be executed which will provide loading and unloading services to the Burnside alumina refinery. The TSA has an initial term of 30 years. There can be no assurance that the terminal assets will be sold as contemplated by the Company.

Exhibit B
Ormet Corporation
Consolidated Financial Statements
March 31, 2011

Results of Operations for the three months ended March 31, 2011

Net Sales from Continuing Operations- Net sales from continuing operations for the three months ended March 31, 2011 were \$124.2 million compared to \$100.2 million for the same period in 2010. As a result of the completion of the restarting of the two idled potlines in the 2011 first quarter, shipments in the first quarter of 2011 increased to 58,079 metric tons (“tons”) from 44,219 tons for the same period in 2010. Toll volume (absent in the 2010 period) was 32,787 tons in 2011. Selling prices associated for non toll shipments increased by \$187 per ton for the first quarter 2011 vs. the first quarter 2010. The monthly average cash settlement price on the LME including the Midwest premium was \$2,641/ton and \$2,293/ton during the first quarters of 2011 and 2010, respectively.

Gross Profit- The gross profit for the three months ended March 31, 2011 was \$13.8 million compared to a gross profit of \$8.3 million for the same period in 2010. The sales increase of \$24.0 million from 2010 was partially offset in 2011 by increased cost of goods sold associated with the higher production volumes and increased power unit costs. Cost of sales for the three month period ended March 31, 2011 was \$110.3 million compared to \$92.0 million in 2010.

Operating Expenses- Operating expenses for the three months ended March 31, 2011 totaled \$3.7 million, a decrease of \$1.7 million from the \$5.4 million for the same period in 2010 primarily driven by lower amortization of deferred financing fees and lower legal expenses associated with the refinancing of the Company's long term debt and restated ABL Facility in 2010.

Operating Profit- For the three months ended March 31, 2011, the Company reported a \$10.1 million operating profit compared to an operating profit of \$3.4 million in the same period of 2010.

Non Operating Expense- Non operating expense totaled \$4.4 million versus non operating expenses of \$3.1 million for the three months ended March 31, 2011 and 2010, respectively. The increase was due to the absence in 2011 of the 2010 contingent liability reversal of \$3.2 million and interest income from the refunded power security deposit of \$1.2 million that was partially offset in 2010 by the prepayment premium on the Old Notes of \$2.7 million.

Income Tax Provision- As a result of its net operating loss carry-forward, the Company did not record any tax expense or tax benefit. As of March 31, 2011, the Company has approximately \$212.0 million of net operating losses (“NOL”) to carry-forward and apply to income tax liabilities in future years. Due to the uncertainty of realizing the full benefit of the NOL, the Company has recorded certain valuation reserves and, as a result, the Company has a net deferred tax asset as of March 31, 2011 of \$36.5 million on the balance sheet. As a result of a change of control, as defined in Section 382 of the Internal Revenue Code in May 2007, NOL of \$87.1 million were estimated to be subject to an annual Section 382 limitation of \$12.6 million as of March 31, 2011. Unrestricted NOL as of March 31, 2011 were estimated to be approximately \$124.9 million.

Exhibit B
Ormet Corporation
Consolidated Financial Statements
March 31, 2011

Discontinued Operations- The cost of \$0.2 million for the three months ended March 31, 2011 compared to \$0.1 million for the same period in 2010 principally reflect an increase in long term employee benefit expenses.

Net Income Per Share- The average number of shares of common stock issued and outstanding during the three months ended March 31, 2011 and 2010 was 18,509,934 and 18,461,952, respectively. The resulting income from continuing operations for the three month period ended March 31, 2011 was \$0.31 per share compared to a net income from continuing operations for the three month period ended March 31, 2010 of \$0.02 per share. Net income per share was \$0.30 during the three month period ended March 31, 2011 compared to a net profit for the three month period ended March 31, 2010 of \$0.01 per share.

EBITDA and Adjusted EBITDA- EBITDA for the three months ended March 31, 2011 and 2010 was \$16.9 million and \$14.6 million, respectively. Adjusted EBITDA was \$17.2 million and \$14.5 million for the three months ended March 31, 2011 and 2010, respectively. Below is the reconciliation of EBITDA and Adjusted EBITDA to net income for the three months ended March 31, 2011 and 2010:

(000's omitted)	Unaudited	
	Three months ended	
	<u>3/31/2011</u>	<u>3/31/2010</u>
Consolidated Net Income	\$ 5,535	\$ 211
Depreciation	4,778	3,950
Amortization of financing fees	213	1,277
Amortization of pension actuarial loss	1,764	1,602
Interest expense	4,604	7,589
Taxes	<u>-</u>	<u>-</u>
EBITDA	16,894	14,629
Gain on asset sales	-	(478)
Deferred compensation/ stock option expense	234	266
Additional accretion & imputed interest expense	<u>104</u>	<u>57</u>
Adjusted EBITDA	<u>\$ 17,232</u>	<u>\$ 14,474</u>

The Company's definition of EBITDA (Earnings before interest, taxes, depreciation, and amortization) is consolidated net income plus an add-back for depreciation, interest expense, taxes and amortization of financing fees and pension plan actuarial loss. The Company's definition of Adjusted EBITDA is EBITDA minus the effect of any gains and losses on asset sales, adding back stock compensation expense, and imputed interest expense. EBITDA and Adjusted EBITDA are non-GAAP financial measures. Management believes that these measures are meaningful to investors because EBITDA and Adjusted EBITDA provide additional information with respect to the Company's operating performance and the Company's ability to meet its financial obligations. The EBITDA and Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

Exhibit B
Ormet Corporation
Consolidated Financial Statements
March 31, 2011

Capital Expenditures- The Company spent \$6.2 million on capital expenditures during the three months ended March 31, 2011 including \$4.7 million for relining 66 pots during the period. All capital expenditures were incurred at the aluminum smelter in Hannibal, Ohio. The ABL Facility limits the Company's ability to make capital expenditures at its facilities. The limit for the year 2011 is \$55.0 million.

Liquidity and Capital Resources

Sources and Uses of Cash- The net cash used by operating activities was \$0.7 million for the three months ended March 31, 2011. The use of cash was principally caused by working capital increases totaling \$16.2 million and pension funding and other operating items consuming \$6.5 million in cash, partially offset by net income adjusted for non-cash expenses of \$22.0 million.

Net cash used in investing activities was \$6.2 million and was directly related to the relining of certain "pots" at the aluminum smelter totaling \$4.7 million.

Net cash provided from financing activities was \$4.8 million, which were the net borrowings from the Company's revolving credit facility.

The Company's cash balance at March 31, 2011 was \$1.1 million, a decrease of \$2.0 million from the \$3.1 million balance at December 31, 2010.

Liquidity- The ongoing sources of liquidity for the Company are existing cash balances, cash flows from continuing operations and available borrowings under the new ABL Facility (Note 5). As of March 31, 2011, outstanding borrowings under ABL Facility were \$4.8 million; outstanding letters of credit were \$6.1 million with remaining availability at \$31.4 million and an unrestricted cash balance of \$1.1 million. As of April 30, 2011, there was a cash balance of \$1.9 million, a loan balance on the ABL Facility of \$7.4 million, outstanding letters of credit were \$6.1 million, and remaining borrowing availability was \$28.9 million.

Primary uses of cash are for funding the aluminum smelter operations, including raw material purchases, electricity costs increases in working capital, capital expenditures (including the restarting of the alumina smelter), labor costs and funding of the Ormet pension plan and contractual payments to the VEBA Benefit Trusts.

Total inventory at March 31, 2011 of \$113.2 million was \$10.8 million lower than the \$124.0 million at December 31, 2010. This reduction was principally due to a reduction in anode and alumina inventory in the first three months of 2011. The inventory at March 31, 2011 is principally composed of anodes totaling \$60.5 million, alumina of \$24.4 million and operating materials and supplies (bath, molten pad, potlining material, copper bars, stores and other operating supplies) totaling \$28.3 million.

As described in Note 6 of the consolidated financial statements, on March 1, 2010, the Company completed a refinancing of its Senior Secured Subordinated Notes due November 1, 2010 and Subordinated Term Note due November 30, 2010 (collectively the "Old Notes") with term loans (the "Term

Exhibit B
Ormet Corporation
Consolidated Financial Statements
March 31, 2011

Loan”) borrowed under a Term Loan and Security Agreement (the “Term Loan Agreement”) entered into with Bank of New York Mellon as agent and certain lenders party thereto. The Term Loan was made in the principal amount of \$110.0 million, issued with a 5 percent original issue discount or “OID”, and matures March 2, 2014. At the same time, the Company and Wells Fargo Capital Finance, LLC, as agent, executed an Amended and Restated Loan and Security Agreement (the “ABL Facility”) for an asset backed loan facility with a maximum credit limit of \$50.0 million which expires on March 1, 2013. Funding of the refinancing occurred on March 2, 2010. The ABL Facility is secured in first priority by cash, accounts receivable and inventory, while the Term Loan is secured in first priority by the Company’s plant, property, equipment and other assets. Each lender has a second lien right on the other lender’s first-lien collateral. The lenders under the Term Loan were investment funds affiliated or managed by Wayzata Investment Partners LLC (collectively, “Wayzata”). Wayzata was also the majority holder of the Old Notes.

In addition to paying down the outstanding principal, accrued interest and prepayment premium on the Old Notes, the remaining proceeds from the refinancing were used to make a contribution of \$23.8 million to the Company’s pension plan, pay transaction fees, as well as to pay off the then outstanding loans under the Company’s previous Loan and Security Agreement, with \$18.6 million remaining in cash at closing to be used for general corporate purposes. The contribution into the Company’s defined benefit pension plan allowed the PBGC to release its lien that was granted when the Company received the funding waiver for the 2006 plan year pension contribution.

The Term Loan has a 14 percent interest rate, payable quarterly. In addition, a detachable five year warrant was issued to the lenders under the Term Loan to purchase 1,850,000 shares of the Company’s common stock for \$3.00 per share, subject to adjustment. The warrant is exercisable in whole or in part at any time and from time to time prior to March 1, 2015.

In connection with the refinancing, the detachable warrants associated with the Old Notes, which remain outstanding and exercisable, were amended to extend the expiration date from November 1, 2011 to March 1, 2015. After the refinancing, outstanding warrants for purchase of the Company’s common stock total 4,783,333 with an average exercise price of \$4.51 per share. Of these warrants, 3,690,121 are held by Wayzata as of March 31, 2011. If Wayzata were to exercise these warrants in full, the shares issuable upon exercise of the warrants would represent approximately 16.6 percent of the Company’s outstanding shares after giving effect to such exercise. Any such shares would be in addition to any shares of the Company’s common stock owned outright by Wayzata and its position as a significant lender to the Company. On May 3, 2011, 153,066 warrants related to the Old notes were exercised by a holder not related to Wayzata, with the Company realizing proceeds of \$0.5 million.

The ABL Facility amended and restated the previous Loan and Security Agreement which was to expire on March 1, 2010. The \$50 million ABL Facility is subject to a borrowing base availability calculation for accounts receivable and inventory. The calculated borrowing base availability is subject to a reserve of \$2.0 million or the amount of the upcoming quarterly pension contribution, whichever is greater. Interest is based on the London Interbank Offered Rate (“LIBOR”) plus 2.75 percent, with a 2 percent minimum LIBOR rate, or the prime rate plus 0.50 percent, depending on the interest method elected. The ABL also has a commitment fee payable monthly of 0.625 percent on the unused portion of the facility from time to time.

Exhibit B
Ormet Corporation
Consolidated Financial Statements
March 31, 2011

On May 6, 2011, the Company entered into Amendment No. 1 of the Loan and Security Agreement (“Term Loan”) with the lenders of the \$110 million Term Loan (“Term A Loan”) and at the same time, amended the current revolving credit facility as described below. The amendment to the Term Loan provided for an additional loan (“Term B Loan”) with a face value of \$30 million that matures on March 2, 2014 and was borrowed at a 5 percent original issue discount. The Term B Loan also bears interest at 14 percent per annum, payable in cash quarterly. The Term B Loan is pre-payable at par by the Company after March 1, 2012, with all other terms and conditions (including inter-creditor agreements) remaining substantially the same as the Term Loan described in Note 6. The Term Loan was also amended to allow for the additional debt, revise the capital spending limitations for 2011 and 2012, and allow for the State of Louisiana to take a first mortgage on a parcel of land at Burnside in conjunction with entering into a \$1.5 million Economic Development Loan Program which the Company has applied for.

Concurrently with the amendment of the Term Loan, the Company entered into an amendment of the asset based lending facility. The amendment increased the credit limit to \$60 million from \$50 million. The ABL Facility was amended to allow for the additional debt, revise the capital spending limitations for 2011 and thereafter, and allow for the State of Louisiana to take a first mortgage on two parcels at Burnside in conjunction with entering into the same \$1.5 million Economic Development Loan Program which the Company has applied for. The Company believes that the proceeds of the new debt and increased ABL Facility availability and support from the State of Louisiana will provide sufficient funds and liquidity to restart and operate the alumina refinery.

The ABL Facility and Term Loan agreement documents are posted in the Investor’s section on the Company’s website, www.ormet.com.

Market Risks and Commodity Prices

The Company is exposed to market price fluctuations for several major commodities that it sells and/or purchases including its aluminum ingot product, alumina, carbon anodes and electricity. The Company routinely evaluates the risks associated with the commodities it sells and/or purchases and adjusts the level of its forward sale and/or purchase commitments and takes other measures it deems appropriate. The Company has entered into a series of forward fixed price hedging contracts (subsequent to March 31, 2011) to mitigate any exposure from declines in the LME during the remainder of 2011 and the year 2012. Pricing is based on a percentage of the London Metals Exchange Aluminum Price (“LME”) for the month of production. The balance of the Company’s production is under sales agreements with other commodity traders and is currently priced based on the LME price for the month of production. All of the customer contracts provide for advance pricing of future sales, at the Company’s option. The Company currently has elected to advance price a portion of the production allocated to these contracts.

The Company expects to operate six potlines and maintain employment levels at or above the levels required by the power agreement with AEP for the balance of 2011.

Exhibit B
Ormet Corporation
Consolidated Financial Statements
March 31, 2011

Financial Risks

Interest Rates

The Company's primary interest bearing debt obligations at March 31, 2011 were borrowings and interest associated with the Term A Note and the ABL Facility. Since the interest rates on the ABL Facility are based on a monthly floating rate of interest, future increases in interest rates may subject the Company to additional interest expense with respect to these borrowings. Interest expense on the amounts outstanding under the ABL Facility are calculated monthly at variable rates and are based on incremental margins over the monthly LIBOR Rate or the Prime Rate, as defined in the ABL agreement. The interest on the Term Note is payable in cash on the first day following the end of each fiscal quarter. The note bears interest at 14 percent per annum. At March 31, 2011, the Company had \$4.8 million in borrowings on the ABL Facility which was incurring interest using the Prime Rate as defined in the agreement. The Company will continue to evaluate various strategies for hedging its interest rate risk. The Company's primary financial instruments are cash and short-term investments, including cash in bank accounts, long term debt instruments and its revolving credit agreement.