

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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

Dear Sir/Madam

OMH SECURES A\$9.77 MILLION SHARE PLACEMENT AND A\$20 MILLION CONVERTIBLE NOTE FACILITY

The Board of OM Holdings Limited ("OMH" or "the Company") is pleased to advise it has executed with Hanwa Co., Ltd ("Hanwa") a Share Subscription Agreement ("SSA") raising approximately A\$9.77 million and a Convertible Note Subscription Agreement ("CNSA") raising approximately A\$20 million.

Hanwa is a highly successful Japanese international trading company with significant operations specialising in the marketing and distribution of steelmaking ferro alloys including manganese, silicon and chromium, as well as steel products and non-ferrous metals.

Hanwa is listed on both the Tokyo Exchange and Osaka Securities Exchange with a market capitalisation of approximately A\$1 billion.

Hanwa ranks among the leading specialist suppliers of metals in the world, serving its customers not only in Japan, but also in China, India and other Asian countries as well as Europe.

The establishment of this highly prospective long-term strategic and marketing relationship with Hanwa represents a major milestone in the evolution of the Company's shareholder base. This transaction consummates a long-term shareholding relationship, a marketing co-operation platform and a specific off-take commitment for products from the Company's Sarawak smelting project currently under development in Malaysia. It also acknowledges the potential for significant shareholder value creation through focused downstream integration and geographic diversification, in line with the dynamic transformation of the global manganese and steelmaking ferro alloy industries.

Share Subscription Agreement ("SSA")

In accordance with the SSA the Company will place 25,000,000 OMH ordinary shares ("Shares") to Hanwa at an issue price of A\$0.3907 per Share which represented a 10% premium to the 15-day volume-weighted average price ("VWAP") of the Company's shares on the ASX prior to and including 27 February 2012. The placement will raise gross proceeds of A\$9,767,500 and is consistent with the Company's previous announcements indicating its intention to consider raising new equity capital through attracting strategic investors who support the Company's vision, underlying fundamentals, growth strategy, downstream expansion and geographic diversification. Settlement is expected to occur within 6 business days. The placement will result in Hanwa becoming a strategic shareholder in OMH with an approximate 4.1% interest.

The net proceeds of the share placement will further finance development activities at OMH's Sarawak smelting project in Malaysia.



OMH is pleased to welcome Hanwa as a strategic partner and investor and looks forward to a strong and committed working relationship that will support the development and growth of the world-class Sarawak smelting project.

Convertible Note Subscription Agreement (“CNSA”)

Hanwa has also agreed to provide approximately A\$20 million of financing to fund OMH's 80% interest in its Sarawak smelting project.

OMH will issue to Hanwa 25,000,000 unsecured convertible notes at a face value of A\$0.80 per note raising approximately US\$21.45 million¹.

The convertible note funding facility will enable OMH to further accelerate the development of the Company's interest in the Sarawak smelting project.

The convertible notes will be issued on 7 March 2012.

The key terms of the convertible note funding facility are as follows:

Funding facility	The facility comprises convertible notes totalling a principal amount of approximately US\$21.45 million, based upon 25 million unsecured convertible notes convertible into ordinary shares in OMH at a conversion price of A\$0.80 per note (translated into US\$) ¹ .
Maturity date	The convertible notes will mature on 6 March 2016.
Interest	Interest is payable annually in arrears at a fixed rate of 5% per annum, on the then outstanding unconverted principal amount.
Conversion period	At any time after the convertible notes are issued but before the maturity date, the convertible notes are convertible at the option of Hanwa into ordinary shares in OMH.
Conversion price	Each convertible note converts into one fully paid ordinary share in OMH at A\$0.80 per share, but will be adjusted upon the occurrence of certain events within OMH including capital re-constructions (eg capital divisions, capital consolidations, capital re-classifications), capital distributions, bonus issues, rights issues of OMH securities, rights or warrants issues of other securities, other distributions, issues of convertible securities at less than the conversion price, issues at less than the market price, issuance of convertible or exchangeable securities, capitalisation of profits or reserves, extraordinary dividend payments, modification of rights of conversion or other offers to OMH shareholders.
Redemption at option of OMH	At anytime after the second anniversary of the issue date of the convertible notes and prior to maturity, OMH may provide notice to Hanwa of the redemption of not less than 2.5 million convertible notes at an amount represented by a 15% premium over the face value of the notes redeemed.
Conditions precedent	The obligation of Hanwa to subscribe for the convertible notes is subject to the following conditions precedent: (i) OMH having lodged a cleansing notice with ASX; (ii) The SSA having been executed; (iii) A marketing agreement having been executed; (iv) Compliance of standard representations and warranties; and (v) No material adverse changes of OMH.

¹ based upon the average exchange rate on the 15-days prior to and including 27 February 2012.



Marketing and Off-take agreements

OMH's trading subsidiary OM Materials (S) Pte Ltd ("OMS") and Hanwa have agreed under a Marketing Agreement to enter into a strategic marketing relationship covering the sales and marketing of 80,000 tonnes of Ferro Silicon and 80,000 tonnes of Silico Manganese product from the Company's Sarawak smelting project, part of which is expected to be incorporated into a specific off-take agreement to be finalised between the parties by 30 April 2012.

OMS and Hanwa will work together with Hanwa's Japanese and certain Asian and global steelmaking ferro alloy customers, in a manner that is complimentary to the Company's ongoing market development activities and previously announced (17 January 2012) proposed off-take with JFE Shoji Trade Corporation.

Shareholder approval for this share placement and convertible note transaction is not required as the issue of the Shares and convertible notes to Hanwa does not exceed the 15% limit which applies to the Company under ASX Listing Rule 7.1.

Commenting on the share placement and financing arrangement OMH's Executive Chairman Low Ngee Tong stated: "We have worked hard with the Hanwa team to establish a highly co-operative and long-term strategic partnership in order to create a platform for significant value creation through executing mutually beneficial synergies between our companies. We have tailored this investment, funding facility and marketing agreement to allow OMH to further advance our corporate and off-take objectives for the Sarawak smelting project, whilst having minimal dilution on the Company's existing shareholders and providing control over the Company's capital structure. This represents a real win-win for both parties.

Mr Low added: "We are proud to have attracted the calibre of such a respected, specialised, highly successful and well-established company such as Hanwa and we look forward to working with the Hanwa team to extract full value from the Sarawak smelting project. We see this transaction as a tremendous opportunity to advance OMH and add real value for all stakeholders through the timely development of the world class Sarawak smelter project".

Hanwa's President Hironari Furukawa stated: "We would like to express our appreciation for OMH for their commitment to establish a strong strategic relationship with Hanwa and we are proud to become a strategic marketing partner as well as a meaningful shareholder of OMH. Under the terms of our engagement we are very excited for OMH and Hanwa to mutually expand their exposure to the ferro alloy business through OMH's Sarawak smelting project, not only in the Japanese market but also on a global basis, for the mutual benefit of both parties."

Standard Chartered Bank acted as sole financial adviser to OMH.

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary

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This release contains forward-looking statements which are identified by words such as "may", "could", "believes", "estimates", "targets", "expects", or "intends" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this release, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of OMH and its directors and management. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this release will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this press release, except where required by law. These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. Some of the information in this release, including the information regarding Hanwa, is based on publicly available sources, has not been independently verified and may not be complete.



About Hanwa Co., Ltd

Hanwa Co., Ltd. engages in the trade of industrial materials primarily in Japan. It operates in six segments: Steel, Non-ferrous Metals (including alloys), Food Products, Petroleum and Chemicals, Lumber and Plywood and Machinery.

The steel and construction materials division sells steel bars of different shapes as well as civil engineering and construction materials for general contractors. Serving the needs of the construction industry in Japan, Hanwa responds to customer needs by providing optimum solutions that capitalise on its wealth of experience in serving end users. Hanwa also sells raw materials for electric furnace steelmakers. In line with its business strategy, Hanwa also responds to the demand from general contractors by focusing on machining of steel bars at factories so as to enhance efficiency at construction sites. In recent urban development, high-rise reinforced concrete buildings are the mainstream. Accordingly, demand for mechanical joints, which eliminates the need for welding of steel bars, and for cutting and machining of high-strength screw-type reinforcement steels is rising rapidly.

The non-ferrous metals and alloys segment provides nickel, chromium, manganese, silicon, ferro alloys, steel alloys, and solar cell-related materials and products. The non-ferrous metals segment also recycles aluminium, copper, zinc, lead, tin, and precious metal scraps.

The metals and alloys division is a supplier of many metals for which there are no resources in Japan, such as chromium, manganese, silicon ore and ferro alloys of primary products. Hanwa procures these metals directly from producers in China, South Africa, Kazakhstan, India, Turkey, Germany, Russia, Brazil and other countries. Using its own global network as well as relationships with strategic partners, Hanwa constantly seeks to increase supplies of metal resources through various measures that include investments. Hanwa has storage facilities in all areas of Japan and in China.

Holding inventories of steel, specialty steel, stainless steel, cast products, aluminium, chemicals and other products allows Hanwa to maintain a consistent and reliable supply of these products for its customers. Hanwa ranks among the leading suppliers of metal resources in the world, serving customers not only in Japan, but also in China, India and other Asian countries as well as Europe.

The company was founded in 1947 and is headquartered in Tokyo, Japan.

Hanwa is listed on both the Tokyo Exchange and Osaka Securities Exchange.

For further information, visit www.hanwa.co.jp/hanwa_e/



BACKGROUND INFORMATION ON OM HOLDINGS LIMITED

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

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

Bootu Creek has the capacity to produce 1,000,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 2,400km².

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

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

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

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

- 14% shareholding in **Northern Iron Limited** (ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway; and*
- 8% shareholding in **Shaw River Manganese Limited** (ASX Code: SRR), a company presently exploring for manganese in Namibia, Western Australia and Ghana.*