OM HOLDINGS LIMITED
(ARBN 081 028 337)

No. of Pages Lodged: 10

24 October 2012

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

Dear Sir/Madam

SEPTEMBER 2012 QUARTERLY PRODUCTION AND MARKET UPDATE

The Board of OM Holdings Limited ("OMH" or "the Company") is pleased to provide the following market update.

HIGHLIGHTS

EXPLORATION AND MINING (OMM, 100% owned Bootu Creek Manganese Mine)

- **Successful implementation of 'Owner Operator' mining at the Bootu Creek Manganese Mine. Improved operational flexibility and further unit mining cost reductions are expected to follow from Q4 2012**
- **September 2012 Quarter production of 146,910 tonnes grading 36.4% Mn driven by the low grade feed strategy adopted during transition to 'Owner Operator' mining**
- **YTD 2012 C1 unit cash costs of A$3.78/dmtu**
- **Promet litigation – A$6.74 million received during the quarter from the total judgment of A$7.19 million awarded**

PROCESSING (OMQ, 100% owned Smelter and Sinter Plant in Qinzhou)

- **September 2012 Quarter production of 18,565 tonnes of High Carbon Ferro Manganese ("HCFeMn"), representing a 31% increase year-on-year**
- **Record year-to-date HCFeMn production of 57,373 tonnes, representing a 10% year-on-year increase**

#08 – 08, Parkway Parade
80 Marine Parade Road, 449269 Singapore
Tel: 65-6346 5515 Fax: 65-6342 2242
Email address: om@ommaterials.com
Website: www.omholdingsltd.com
ASX Code: OMH

MARKET OUTLOOK

- **The manganese ore benchmark price (BHPB 46% grade) remained unchanged during the quarter at US$5.35/dmtu CIF China**
- **Easing of Chinese steel production contributed to the October 2012 benchmark price of US$5.20/dmtu CIF China. Chinese high grade ore purchasing activity increased considerably during the second half of October 2012. The November 2012 manganese ore benchmark price has been rolled-over at US$5.20/dmtu CIF China**
- **Metal Bulletin reported that Chinese manganese ore port inventory fell to a 29-month low, standing at 2.24 million tonnes during mid-October 2012, down 114,000 tonnes from the last week of September**

OM SARAWAK (80% direct interest)

- **Significant project progress continues to be made**
- **A Supplementary Information Memorandum for a USD 315 million project finance facility has been presented to selected financial institutions. North American/European ferrosilicon off-take agreement negotiations are progressing well**

TSHIPI BORWA MINE (13% indirect interest)

- **Key milestone achieved with first ore mined ahead of schedule**
- **Project remains on budget and on track for December 2012 Quarter shipment of first manganese**
- **Tshipi Borwa mine development continues with first ore accessed, the rail siding completed and formal rail contract negotiations with the national rail logistics provider successfully completed and ready for execution**

CORPORATE

- **Completion of a 3-for-10 non-renounceable rights issue raising gross proceeds of A$27.7 million**

EXPLORATION AND MINING

OM (MANGANESE) LTD ("OMM")
BOOTU CREEK MANGANESE MINE (100%, Northern Territory, Australia)

Production from the Bootu Creek Manganese Mine for the September 2012 Quarter is summarised below:

	Unit	Sept 2012 Quarter	FYTD 2012	June 2012 Quarter	Sept 2011 Quarter
Mining					
Total Material Mined	bcms	882,913	2,461,830	882,629	2,466,472
Ore Mined – tonnes	dt	241,078	997,077	353,600	348,643
Ore Mined – Mn grade	%	22.68	22.76	22.81	21.53
Production					
Lumps – tonnes	dt	93,979	370,701	126,078	142,185
Lumps – Mn grade	%	35.80	36.12	35.77	36.25
Fines/SPP – tonnes	dt	52,931	189,448	63,993	88,981
Fines/SPP – Mn grade	%	37.42	37.50	37.25	37.48
Total Production – tonnes	**dt**	**146,910**	**560,150**	**190,071**	**231,166**
Total Production – Mn grade	**%**	**36.38**	**36.59**	**36.27**	**36.72**
Sales					
Lumps – tonnes	dt	104,606	307,745	144,182	171,668
Lumps – Mn grade	%	35.91	36.49	36.59	36.15
Fines/SPP – tonnes	dt	71,203	165,363	94,160	89,597
Fines/SPP – Mn grade	%	38.02	37.92	37.85	38.27
Total Sales – tonnes (dry)	**dt**	**175,809**	**473,108**	**238,342**	**261,265**
Total Sales – Mn grade	**%**	**36.76**	**36.99**	**37.09**	**36.88**

Mining

Mining activities during the September 2012 Quarter were predominately focused on a smooth and safe transition to an 'Owner Operator' mining operation at the Bootu Creek Manganese Mine.

During the quarter, OMM purchased and mobilised to site a fleet of 10 second-hand 100 tonne rigid haul trucks, a 120 tonne excavator and various auxiliary equipment including a loader, grader, water cart, backup excavator, workshop equipment, various light vehicles and critical workshop spares including tyres. Additional auxiliary equipment including loaders and bulldozers have been identified and secured and will be progressively mobilised to site during the December 2012 Quarter. The primary digging excavator is currently being hired and a purchase decision on a suitable unit will be made later in the year.

The total cost of the owner miner fleet including mobilisation costs, critical spares and commissioning costs is estimated to be approximately A$10-A$12 million. Key operating and maintenance personnel are being recruited and a full complement of technical expertise is expected by early in the December 2012 Quarter.

The Bootu Creek Manganese Mine's operating strategy for 2012 centres around a low cost, low strip ratio mining operation focused on accessing previously pre-stripped high grade ore deposits and it is anticipated that the move to an 'Owner Operator' mining fleet will improve efficiency and reduce the unit mining cost at the Bootu Creek Manganese Mine, while also allowing significant additional operational production flexibility.

Actual mining activity during the September 2012 Quarter centred upon the Masai 2 pit and the Tourag pit. Approximately 0.24 million tonnes of ore was mined from a total material movement of approximately 0.88 million bank cubic metres ("bcms").

Remediation works associated with the Masai Sacred Site were completed early in the March 2012 Quarter following extensive consultation and liaison with the Northern Land Council, the Aboriginal Areas Protection Authority (“AAPA”), Native Title Parties and the Northern Territory Department of Resources. Since the completion of the remediation works, OMM has not re-entered the restricted work areas associated with the Masai Sacred Site to conduct mining activities. OMM is currently awaiting approval from the Northern Territory Department of Resources to change the boundaries of the restricted work areas in the Masai 1 pit to allow movement of equipment through the pit below the remediated sacred site area and to allow access to remaining exposed high grade ore.

The complaint filed on 24 November 2011 against OMM by the AAPA alleging 2 counts of contravening the Northern Territory Aboriginal Sacred Sites Act (NT) (“the Act”) was heard in the NT Court of Summary Jurisdiction on 19 April 2012. The Court adjourned those complaints to 17 May 2012 for further consideration. On 17 May 2012, the AAPA filed in the Court, a further 9 counts of contravening the Act (11 counts in total). The Court adjourned the complaints to 26 June 2012 for further consideration. On 26 June 2012, the Court adjourned the complaints to 3 August 2012 in order for the AAPA to provide further detailed particulars of the counts. The AAPA re-amended their initial filed complaint to a total of 9 counts of contravening the Act and at a hearing on 11 September 2012 it was agreed that the next court mention would be adjourned to 8 November 2012 at which time there will be a hearing of all preliminary contentious matters by way of a special fixture before a Magistrate.

Processing

Production for the September 2012 Quarter was 146,910 tonnes at an average grade of 36.38% Mn.

As a result of the transition to an ‘Owner Operator’ fleet, OMM operated under a planned low grade ore feed strategy for the majority of the September quarter whereby a higher proportion of lower grade ore was fed into the processing plant. Mass yields were broadly in line with expectations however the large level of lower grade ore stocks on site required frequent plant adjustments / modifications due to the non-homogenous nature of the various stockpiles which marginally affected plant throughput rates in the quarter.

Logistics

During the September 2012 Quarter, a total of 175,809 dry tonnes (183,058 wet tonnes) of manganese product was exported via the Port of Darwin.

The rail freight provider completed scheduled modifications to the Edith River Bridge during the quarter and OMM’s rail services have now reverted back to normal axle load capacities.

Unit Operating Costs

The C1 unit cash operating cost for the September 2012 Quarter was in line with expectations at A$4.89/dmtu due to the lower grade ore feed strategy implemented in the quarter due to the transition to an ‘Owner Operator’ mining operation.

The year-to-date C1 unit cash operating cost is A$3.78/dmtu, in line with the operating strategy for 2012, centring around a low cost, low strip ratio mining operation.

Promet Litigation

As previously announced, the Supreme Court of Western Australia ruled in favour of OMM in its action against the process plant design engineers for the Bootu Creek Manganese Mine ("Promet Parties"). In addition to the damages awarded, orders were also made in respect of interest prior to the judgment in the amount of A$1,457,797.58 with interest accruing until the judgment has been paid off in full. The total amount awarded in the judgment against the Promet Parties was A$7,186,317.61.

A substantial portion of the judgment has been paid such that there is now only approximately A$470,000.00 outstanding (with interest currently accruing) as against one of the Promet Parties, Londsdale Investments Pty Ltd. OMM is considering its options with respect to the recovery of this amount.

Partial orders have been made regarding the legal costs of the action. OMM has been awarded 75% of its costs subject to certain conditions. A hearing has been scheduled for 9 November 2012 to make final costs orders.

Dispute with Territory Revenue Office

The Company has previously advised that it is in dispute with the Territory Revenue Office (TRO) regarding the calculation of Northern Territory mineral royalties in relation to production from the Bootu Creek Manganese Mine.

OMM has filed statements and paid mineral royalties determined as owing for the years from the mine opening in 2006 to date. OMM considers that it is entitled to a refund from the TRO of an amount in the order of A$6.19 million relating to the first round of TRO assessments on the 2006-2008 royalty years.

During September 2012 the TRO issued further Notices of Assessment of Mineral Royalties for the years 2006, 2007, 2008 and 2009 resulting in a liability of OMM to pay additional royalties of $9,349,460.68 for this period. OMM intends to object to the assessment in accordance with the Taxation Administration Act (NT).

OMM Operating Outlook

OMM had successfully transitioned to an 'Owner Operator' mining operation during the September 2012 Quarter. The transition was well planned and executed and the commissioning of the entire mining fleet together with operating and maintenance personnel early in the December quarter is well advanced. The successful transition saw both the incumbent mining contractor and the interim mining contractor demobilised from site late in the September 2012 Quarter.

During the December 2012 Quarter, the remaining additional auxiliary equipment is expected to be mobilised to site allowing full operational flexibility. Production in the December 2012 Quarter is expected to resume to a normalised higher grade ore feed strategy and should result in production of approximately 210,000-220,000 tonnes.

The mine's production target for 2012 under the low cost, low strip ratio mining operation remains at approximately 800,000 tonnes at a C1 unit production cost of A$3.70/dmtu – A$3.80/dmtu, This mining and production strategy ensures a solid operating platform during the current price environment whilst allowing maximum production flexibility to respond to changing circumstances.

PROCESSING

OM MATERIALS (QINZHOU) Co Ltd ("OMQ") (100%, Guangxi, China)

Production from the Qinzhou smelter and sinter plant for the September 2012 Quarter is summarised below:

	Sept 2012 Quarter	FYTD 2012	June 2012 Quarter	Sept 2011 Quarter
Tonnes				
Production				
High Carbon Ferro Manganese ("HC FeMn")	**18,565**	57,373	**21,083**	**14,184**
Mn Sinter Ore	**44,034**	149,096	**59,604**	**54,993**
Sales				
High Carbon Ferro Manganese ("HC FeMn")	**10,799**	48,890	**21,955**	**20,355**
Mn Sinter Ore	**23,175**	95,940	**41,969**	**55,186**

Production

During the September 2012 Quarter, OMQ produced 18,565 tonnes of High Carbon Ferro Manganese ("HCFeMn"), representing a 31% increase over the corresponding period in 2011. Year-to-date production ("YTD") of 57,723 tonnes of HCFeMn represents a milestone being the record highest YTD volume. The continual operation of furnaces #101 and #102 has set a new life-span record in the domestic ferroalloy industry. The plant is on track to achieve its 2012 production target of 64,000 tonnes.

Production of 44,034 tonnes of manganese sinter ores was achieved during the September 2012 Quarter.

Sales

During the September 2012 Quarter, OMQ secured sales of 10,799 tonnes and 23,175 tonnes of HCFeMn and manganese sinter ores, respectively.

MARKETING AND TRADING, AND MARKET OUTLOOK

OM MATERIALS (S) PTE LTD ("OMS") (100%, Singapore)

OM MATERIALS TRADING (QINZHOU) CO. LTD ("OMQT") (100%, Guangxi, China)

OM HUJIN SCIENCE AND TRADE (SHANGHAI) CO. LTD ('OMA") (70%, Shanghai, China)

During the September 2012 Quarter, the Marketing and Trading division sold a combined 324,863 tonnes of ore. Ore sales included manganese, chrome and iron ores. Manganese ore included third party ores used for the production of manganese sinter ore and HCFeMn by OMQ. Total ore sales included 149,749 dry tonnes of iron ore concentrate under the exclusive marketing agency agreement between OMS and Northern Iron Limited (ASX Code: NFE).

Global steel production for the month of September 2012 was 124 million tonnes. China's September 2012 steel production reached 58 million tonnes.

Year-to-date September 2012 global steel production reached 1.14 billion tonnes while China's September 2012 year-to-date crude steel production reached 535 million tonnes.

China's reliance on seaborne manganese ore continued to manifest itself by strong monthly trade performances. August 2012 manganese ore imports into China were reported at 1.2 million tonnes, the highest since February this year, while August year-to-date ore imports into China totaled 8.07 million tonnes.

Metal Bulletin reported that Chinese manganese ore port inventory fell to a 29-month low, standing at 2.24 million tonnes during October 2012, down 114,000 tonnes from the last week of September. Chinese high grade manganese ore purchasing activity has increased considerably during the second half of October 2012.

The BHPB 46% Mn grade benchmark price remained unchanged throughout the September quarter at US$5.35/dmtu CIF China. Easing of Chinese steel production and steelmaking alloy demand contributed to the slight decrease of the October manganese ore benchmark price to US$5.20/dmtu CIF China. The November manganese ore benchmark price has been rolled-over at US$5.20/dmtu CIF China.

OM HOLDINGS LIMITED

Tshipi e Ntle ("Tshipi")

OMH has an effective 13% interest in Tshipi through its 26% strategic partnership with Ntsimbintle Mining (Proprietary) Limited, the majority 50.1% owner of Tshipi. The remaining 49.9% share is owned by Jupiter Mines Limited.

Tshipi Borwa Manganese Mine

Activities at Tshipi Borwa included continued pre-stripping and construction of the 2.4 million tonne per annum processing plant and support facilities during the September 2012 Quarter. The project remains on track to commence production during the December 2012 Quarter.

Construction

During the quarter the railway siding was completed and Transnet (the South African rail logistics provider) made use of Tshipi's siding to assemble a 2.4km long trial train, the largest manganese train ever to deliver ore to Port Elizabeth. The 208 wagon train was twice the length of the normal trains that carry manganese to Port Elizabeth, and easily accommodated by Tshipi's siding without blocking the main line. The test train is part of Transnet's programme of increasing South Africa's manganese export capacity.

Process plant construction continued with concrete and structure installation underway and significant equipment and structural deliveries being made during the quarter.

Operations

Pre-stripping of the Tshipi Borwa open cut pit continued with the mining contractor moving over 3.6 million BCM in the September 2012 Quarter with the pit reaching a depth of 70 metres. Ore has been accessed and subsequent to the end of the quarter the key milestone of mining the first ore was achieved on 10 October 2012, ahead of the planned schedule.

Rail contract negotiations have been completed with Transnet for a rail allocation to Port Elizabeth and formal documentation is ready for execution. It is expected that railing of manganese will commence early in the December 2012 Quarter and the first shipment be made by the end of 2012.

Tshipi Borwa open cut mine first ore blast

Tshipi Borwa rail siding trial with 208 wagon train

Malaysia

OM MATERIALS (SARAWAK) SDN BHD ("OM Sarawak") (80%, Samalaju, East Malaysia)

The Sarawak project made good progress during the quarter with on-site earthworks approximately 95% completed. It is expected that lump sum turnkey Engineering, Procurement and Construction contract negotiations will close in Q4 2012.

In September 2012, OM Sarawak received the letter of approval from the Department of Environment for the construction commencement of the 275KV power sub-station. The construction and testing and commissioning of the sub-station is expected to be completed in November 2013, in time for the plant to commence commercial operation during Q1 2014.

During the September 2012 Quarter, OM Sarawak entered into advanced off-take discussions for ferrosilicon ("FeSi") for the European and North American markets in addition to binding off-take agreements executed with JFE Shoji Trade Corporation (80,000 tonnes per year of FeSi) and Hanwa Co., Ltd (50,000 tonnes per year of FeSi and 70,000 tonnes per year of manganese alloys) in Q3 2012. At the same time, various feedstock supply contracts were signed with major suppliers.

As announced on 26 September 2012, the Supplementary Information Memorandum for a USD 315 million project finance facility representing 70% of the total cost of Phase 1 has been prepared and presented to selected regional and international financial institutions with the continued assistance of Standard Chartered Bank, as the Project's Financial Advisor. OM Sarawak received positive interest from the invited banks for the proposed project financing and is assisting selected parties in their credit assessments with a targeted financial close by the end of 2012.

Capital Structure

During the September 2012 Quarter, the Company had 673,423,337 ordinary shares after the completion of a 3-for-10 non-renounceable rights issue, which raised A$27,727,275 (equivalent to 69,318,187 of new shares), 25,000,000 convertible notes and 15,000,000 unlisted options on issue. During the quarter, 4,000,000 unlisted options expired.

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary

BACKGROUND PROFILE OF OM HOLDINGS LIMITED

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

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

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

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

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

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

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

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

- *11% shareholding in* ***Northern Iron Limited*** *(ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway;*
- *4% shareholding in* ***Shaw River Resources Limited*** *(ASX Code: SRR), a company presently exploring for manganese in Namibia, Western Australia and Ghana; and*