

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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

Dear Sir/Madam

DECEMBER 2012 QUARTERLY PRODUCTION AND MARKET UPDATE

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

HIGHLIGHTS

OPERATING PERFORMANCE

OMM (100%, Bootu Creek, Australia)

- December quarterly production of 177,616 tonnes grading 36.44% Mn; full year 2012 production of 737,766 tonnes grading 36.55% Mn
- Record quarterly shipments of 312,779 wet tonnes (300,780 dry tonnes) achieved in the December 2012 Quarter. Full year 2012 shipments of 805,915 wet tonnes (773,888 dry tonnes)
- Full year 2012 C1 unit cash costs of A\$3.99/dmtu
- Successful transition to an Owner Miner Operator – completion of mobilisation and commissioning of mining fleet and recruitment of key operating and maintenance personnel

OMQ (100%, Guangxi, China)

- Record quarterly production of 23,428 tonnes of High Carbon Ferro Manganese ("HCFMn") alloy, representing a 26% quarter-on-quarter increase
- Annual 2012 production of 80,801 tonnes for HCFMn, representing a 9% year-on-year increase
- Record quarterly production 81,428 tonnes of manganese sinter ore; annual 2012 production of 230,524 tonnes
- Record annual 2012 sales of HCFMn alloy of 76,427 tonnes and manganese sinter ore sales of 168,337 tonnes



MARKET OUTLOOK

- The manganese ore benchmark price (BHPB 46% grade lump) remained unchanged during the quarter at US\$5.20/dmtu CIF China but has since increased to US\$5.40/dmtu CIF China for February 2013 shipments. Metal Bulletin's 25 January 2013 China spot price index for 44% lump stands at US\$5.49/dmtu CIF Tianjin while BHPB has recently priced its first week of March deliveries at \$5.65/dmtu CIF China
- Chinese 2012 year-end port stocks were reported at ~2.5 million tonnes, compared to ~3.8 million tonnes at the end of 2011, representing just over 2 months' worth of imports, the lowest level since mid-2010 (at which time the TEX report 44% benchmark stood at US\$8.70/dmtu CIF China)
- The manganese ore 'benchmark' price reporting frequency is transitioning from a monthly to a weekly basis, gradually leading to an index driven pricing methodology, allowing for more effective price discovery and for contract prices to more accurately reflect prevailing supply/demand fundamentals and real-time market trends

OM SARAWAK (80% direct interest)

- Financing commitments secured by OM Sarawak from a syndicate of leading international and regional banks for US\$315 million (US\$215 million and MYR 310 million) of senior project finance debt and approximately USD 40 million (MYR 126 million) of performance and payment securities
- OM Sarawak has appointed Sinohydro Corporation (M) Sdn Bhd as the Project's lump-sum turn-key engineering, procurement and construction contractor, and Sinosteel Jilin Electro-Mechanical Equipment Co. Ltd as a nominated sub-contractor
- Offtake agreements signed to-date by OM Sarawak with JFE Shoji Trade Corporation, Hanwa Co., Ltd and Fesil Sales AS exceed 60% of the Project's expected Phase 1 production capacity

TSHIPI (13% indirect interest)

- Significant milestones achieved with the commencement of manganese ore production and shipping. First ore accessed in October 2012 and first shipment made from Port Elizabeth on 19 December 2012



EXPLORATION AND MINING
OM (MANGANESE) LTD (‘OMM’)
BOOTU CREEK MANGANESE MINE (100%, Northern Territory, Australia)

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

	Unit	Dec 2012 Quarter	FYTD 2012	Sept 2012 Quarter	Dec 2011 Quarter
Mining					
Total Material Mined	bcms	799,154	3,260,984	882,913	1,635,782
Ore Mined – tonnes	dt	438,797	1,435,874	241,078	414,755
Ore Mined – Mn grade	%	23.65	23.03	22.68	22.04
Production					
Lumps – tonnes	dt	114,884	485,585	93,979	147,251
Lumps – Mn grade	%	36.19	36.14	35.80	36.03
Fines/SPP – tonnes	dt	62,732	252,180	52,931	76,260
Fines/SPP – Mn grade	%	36.89	37.35	37.42	37.18
Total Production – tonnes	dt	177,616	737,766	146,910	223,511
Total Production – Mn grade	%	36.44	36.55	36.38	36.42
Sales					
Lumps – tonnes	dt	200,197	507,941	104,606	156,852
Lumps – Mn grade	%	35.82	36.23	35.91	35.85
Fines/SPP – tonnes	dt	100,583	265,946	71,203	72,218
Fines/SPP – Mn grade	%	37.40	37.72	38.02	37.94
Total Sales – tonnes	dt	300,780	773,888	175,809	229,071
Total Sales – Mn grade	%	36.35	36.74	36.76	36.51

Mining

Mining activities during the December 2012 Quarter were predominately focused on the continued smooth and safe transition to an Owner Miner operation. During the quarter, the remaining additional auxiliary equipment including loaders and bulldozers were progressively mobilised to site. The primary digging excavator is currently being hired and a purchase decision on a suitable unit will be made early in 2013.

The total cost of the owner miner fleet including mobilisation costs, critical spares and commissioning costs is estimated to be approximately A\$12 million. The bulk of the remaining key operating, maintenance and technical personnel were recruited during the December 2012 Quarter.

Actual mining activity during the December 2012 Quarter centred upon the Tourag pit. Approximately 0.439 million tonnes of ore was mined from a total material movement of approximately 0.799 million bank cubic metres (‘bcms’).

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

As previously advised, the Aboriginal Areas Protection Authority (‘AAPA’) has lodged a Complaint against OMM in relation to a sacred site at the Bootu Creek Manganese Mine. In November 2012 AAPA amended the Complaint against OMM. AAPA now alleges 8 contraventions of the Northern Territory Aboriginal Sacred Sites Act (NT) (7 charges of contravening an Authority Certificate and damaging a sacred site or causing distress to a custodian pursuant to section 37 of the Act and 1 charge of desecration of a sacred site pursuant to section 35 of the Act).



On 13 December 2012 the matter was heard in the Northern Territory Court of Summary Jurisdiction and orders were made for AAPA to provide further information to OMM by 18 January 2013 and for the matter to be adjourned to 7 February 2013 for a further review of the matter. The Court has set the matter down for a hearing commencing on 4 March 2013.

Processing

Production for the December 2012 Quarter was 177,616 tonnes at an average grade of 36.44% Mn.

Logistics

During the December 2012 Quarter, an all-time shipment record total of 312,779 wet tonnes (300,780 dry tonnes) of manganese product was exported through the Port of Darwin in 8 vessels.

Unit Operating Costs

The C1 unit cash operating cost for the December 2012 Quarter was A\$4.66/dmtu and included, in addition to the regular cost components, the additional rail and shipment costs associated with hauling the remainder of the finished product stocks that had been stockpiled on site and at the Muckaty rail siding resulting from the suspension of rail services earlier in the year following the Edith River Bridge derailment at the end of 2011.

Adjusting for the additional cost of the rail freight and shipping activities in the December quarter, the normalised December 2012 Quarter C1 unit cost would have been approximately A\$3.90/dmtu.

The full year C1 unit cash operating cost was A\$3.99/dmtu, in line with the mine's operating strategy for 2012.

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").

A substantial portion of the total judgement (A\$7,186,317.61) 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, Lonsdale Investments Pty Ltd. OMM has issued a statutory demand to Lonsdale Investments Pty Ltd in respect of this unpaid amount.

Orders have been made regarding the legal costs of the action. OMM has been awarded 75% of its costs subject to certain conditions. Of this 75%, the Promet Parties are jointly and severally liable for 15%, and Lonsdale Investments Pty Ltd is liable for the remaining 60% of the costs awarded to OMM.

Orders also contain a costs uplift which recognises the substantial nature of the proceedings and may increase overall recovery if the matter proceeds to taxation.

The Promet Parties have appealed the judgement and OMM is presently considering its position with respect to that appeal and other related matters. OMM and the Promet Parties are scheduled to finalise their respective appeal papers by 4 April 2013 and it is not expected that the appeal will be heard before late 2013.



OMM Operating Outlook

OMM has successfully transitioned to an Owner Operator Miner during the second half of 2012. The transition was well planned and executed and the commissioning of the bulk of the mining fleet together with operating, maintenance and technical personnel was finalised during the December quarter.

The mine's production target for 2013 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\$3.90/dmtu. This mining and production strategy ensures a solid operating platform during the current price environment whilst allowing maximum production flexibility to further optimise the orebody and respond to changing market circumstances.

PROCESSING

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

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

	Dec 2012 Quarter	FYTD 2012	Sept 2012 Quarter	Dec 2011 Quarter
Tonnes				
Production				
High Carbon Ferro Manganese ('HCFeMn')	23,428	80,801	18,565	21,809
Mn Sinter Ore	81,428	230,524	44,034	74,385
Sales				
High Carbon Ferro Manganese ('HCFeMn')	27,537	76,427	10,799	22,085
Mn Sinter Ore	72,397	168,337	23,175	24,983

Production

OMQ ended the year 2012 on a high note, achieving an all-time quarterly production record for both HCFeMn alloy and manganese sinter ores.

Production of HCFeMn for the December 2012 Quarter was a record 23,428 tonnes, the highest level achieved since the plant was commissioned in 2004. The record annual production of 80,801 tonnes of HCFeMn alloy, representing a 9% increase from 2011, was achieved on the back of continuous production of 718 days and 745 days for Furnace 101 and 102, respectively.

Manganese sinter ore production for the December 2012 Quarter was also a record 81,428 tonnes, with full year 2012 production reaching 230,524 tonnes.

Sales

Record quarterly sales of HCFeMn totalling 27,537 tonnes, with record annual sales achieved of 76,427 tonnes, representing an increase of 17% year-on-year.

Manganese sinter ores sales were 168,337 tonnes during the year, representing 27% year-on-year increase.



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 December 2012 Quarter, the Marketing and Trading division sold a combined 455,558 tonnes of ores. Manganese ores included third party ores used for the production of manganese sinter ore and HCFMn by OMQ.

China's 2012 crude steel production reached 716.5 million tonnes, representing a 3.1% increase year-on-year. December 2012 production in China amounted to 57.7 million tonnes, up 0.3% from November 2012.

According to Worldsteel, world crude steel production reached 1.55 billion tonnes for the year 2012, up 1.2% compared to 2011. This is a record for global crude steel production.

The manganese ore benchmark price (BHPB 46% grade lump) remained unchanged during the quarter at US\$5.20/dmtu CIF China, but has since increased to US\$5.40/dmtu CIF China for February 2013 shipments.

According to the International Manganese Institute, Chinese manganese ore port stocks as at December 2012 were ~2.5 million tonnes versus ~3.8 million tonnes in December 2011. Macquarie Research calculated the ratio of China's port stocks to imports of manganese ore declined to only 2.2 months toward the end of 2012, the lowest since mid-2010 (at which time the TEX report 44%Mn benchmark stood at US\$ 8.70/dmtu CIF).

The manganese ore market pricing methodology has recently shifted away from a monthly basis to shorter term pricing periods, increasingly making use of published index prices, in line with other carbon steel raw materials, thereby allowing contract prices to more accurately reflect the prevailing spot market trends and underlying supply/demand fundamentals.

The price strengthening momentum is further confirmed by Metal Bulletin's 25 January China spot price for 44% lump being reported at US\$5.49/dmtu CIF Tianjin, while BHPB has recently priced its first week of March deliveries at \$5.65/dmtu CIF China.

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

Project Finance

As previously announced on 21 December 2012, OM Sarawak has secured funding commitments from a syndicate of leading international and regional lenders for approximately US\$315 million (US\$215 million and MYR 310 million) of senior project finance debt and approximately US\$40 million (MYR 126 million) of performance and payment securities. Financing documents are expected to be concluded in Q1 2013 followed by loan drawdown soon thereafter.

Off-take Agreements

During the quarter, OM Sarawak executed a binding off-take agreement with Fesil Sales AS (“Fesil Group”) for 60,000 tonnes per annum of ferrosilicon alloy product for the European market. The Fesil Group is among the world's leading producers of ferrosilicon, specialising in refined and high-purity grade products. To-date, OM Sarawak has secured agreed off-take in excess of 60% of the project's expected Phase 1 production capacity from key international players including JFE Shoji Trade Corporation (80,000 tonnes per annum), Hanwa Co., Ltd (50,000 tonnes per annum) as well as the Fesil Group.



EPC Contractor

OM Sarawak has appointed Sinohydro Corporation Limited and Sinohydro Corporation (M) Sdn Bhd (collectively "Sinohydro") as its lump-sum turn-key EPC contractor, and Sinosteel Jilin Electro-Mechanical Equipment Co. Ltd ("Sinosteel Jilin") as a nominated sub-contractor for the construction and commissioning of the Company's Ferro Alloy Smelting Project in Sarawak, Malaysia (the "Project").

The parties will now move to finalise and execute the EPC contract on the basis of the executed binding Term Sheet and Letter for Award.

The EPC contract with Sinohydro will allow the Company to leverage Sinohydro's significant large-scale project management experience, including its longstanding and proven EPC experience throughout Malaysia, including in Sarawak. The Company will also draw upon Sinosteel Jilin's specialist equipment and control system experience and capability.

Sinohydro recently undertook the construction of the USD1 billion Bakun hydroelectric project in Sarawak and its current contracts include the construction of the Murum Hydroelectric Project (approx. US\$1.3 billion) in Sarawak, and the Hulu Terengganu Hydroelectric Project (approx. US\$276 million) in West Malaysia.

Sinohydro Group Ltd, the holding company of Sinohydro Corporation Limited and Sinohydro Corporation (M) Sdn Bhd, is a world leading Chinese state-owned construction group listed on the Shanghai Stock Exchange with operations in more than 58 countries focusing on excavation, earthmoving, dredging, reclamation as well as civil engineering and infrastructure projects in the global construction industry.

Sinosteel Jilin is one of China's largest manufacturers of submerged electric arc furnaces, furnace automation, control systems and furnace transformers, and has designed, built and commissioned more than 200 submerged electric arc furnaces.

Sinosteel Corporation, the parent company of Sinosteel Jilin, is a Chinese state-owned Fortune Global 500 corporation engaged in the development, processing, trading and logistics of metallurgical mineral resources, the provision of related engineering technical services, and the manufacture of specialist equipment.

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 owns 2 manganese prospects in the world class Kalahari Manganese field, namely Tshipi Borwa and Tshipi Bokone, adjacent to the operating Mamatwan and Wessels mines respectively.

Tshipi Borwa Manganese Mine

Activities at Tshipi Borwa included continued mining and construction of the 2.4 million tonne per annum processing plant and support facilities during the December 2012 Quarter. The project successfully commenced production having mined, processed, railed, and sold its first manganese ore.

The capital budget for the construction of the Tshipi Borwa Mine remains in line with forecasts. As of 31 December 2012, OMH has contributed a total A\$23.30 million towards the Tshipi project's development expenditure and working capital commitments.



Operations

Tshipi accessed the first ore on 10 October 2012 ahead of schedule and approximately eleven months after commencing with the required 70 metre pre-strip. A temporary crushing and screening plant was commissioned during the quarter and used to successfully produce saleable product. The mining operations have continued to advance waste stripping in order to open up the ore body and ensure sufficiently exposed sufficient ore in order to maintain and build up ROM ore stocks.

The mine is presently mining and crushing sufficient mined ore to maintain a regular railing schedule. Tshipi loaded its first train on 18 November 2012, with product being offloaded at the bulk manganese terminal at Port Elizabeth.

The first shipment of manganese from the Tshipi Borwa Manganese Mine was successfully sold and shipped from Port Elizabeth on 19 December 2012. This is a significant milestone and marks the company's move into operations and sustained cash flow generation.

It is expected that production of manganese ore will ramp up during the March 2013 Quarter to a rate which matches the company's expected rail allocation.

Construction

During the quarter the process plant construction continued with concrete and steel structure erection now well underway. The rapid load out station is nearing completion with commissioning to commence in the March 2013 Quarter. Tshipi achieved a milestone with the receipt of formal approval from the authorities regarding the operation of its private rail siding, a critical factor to ensuring consistent long-term export rail capacity.

CAPITAL STRUCTURE

There were no movements in the share capital structure of the Company during the December 2012 Quarter. As at 31 December 2012, the Company had 673,423,337 ordinary shares, 25,000,000 convertible notes and 15,000,000 unlisted options on issue.

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 2,400km².

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 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; and*
- *4% shareholding in **Shaw River Resources Limited** (ASX Code: SRR), a company presently exploring for manganese in Namibia, Western Australia and Ghana*