

OM HOLDINGS LIMITED

(ARBN 081 028 337)



No. of Pages Lodged: 9

30 October 2013

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

Dear Sir/Madam

SEPTEMBER 2013 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

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

- September 2013 quarterly manganese ore production of 150,843 tonnes grading 35.1% Mn. Production during the quarter was adversely affected by poor yielding ore from the Zulu deposit. 2013 year-to-date production stands at 554,633 tonnes
- September 2013 quarterly manganese ore shipments of 186,533 wet tonnes (177,596 dry tonnes). 2013 year-to-date shipments of 579,463 wet tonnes (552,668 dry tonnes)
- September 2013 Quarter C1 unit cost of A\$6.09/dmtu resulting from the suspension of mining operations in the Zulu deposit and accelerating the commencement of cut-backs in the Shekuma pit and pre-strip of the new Yaka deposit
- 2013 year-to-date C1 unit costs stand at A\$4.98/dmtu, including the fully expensed costs associated with above cut-back and pre-strip activities



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

- September 2013 quarterly High Carbon Ferro Manganese alloy (“HCFeMn”) production of 23,359 tonnes, representing a 26% year-on-year increase
- 2013 year-to-date production of HCFeMn stands at 70,358 tonnes
- Record production of 68,748 tonnes of sinter ore during the quarter
- 2013 year-to-date sinter production stands at 195,225 tonnes, a 31% year-on-year increase
- Sales of 19,017 tonnes of HCFeMn and 43,207 tonnes of sinter ore achieved during the quarter

TRADING & MARKET OUTLOOK

- 479,548 tonnes of equity and third party ores and alloys were transacted during the quarter
- Despite continued strong demand, the manganese ore benchmark index price (44%Mn published by Metal Bulletin) decreased during the quarter. Prices moved from US\$5.49/dmtu CIF China (July 2013) to US\$5.17/dmtu (August 2013) and to US\$5.12/dmtu (September 2013). Subsequently spot prices have rebounded during October to US\$5.23/dmtu CIF China
- China’s crude steel production in September 2013 was 65 million tonnes, a 12.90% increase from the corresponding period in 2012
- China’s crude steel production for the period up to September 2013 reached 586 million tonnes, up 9.67% year-on-year. World crude steel production for the same period reached 1,186 million tonnes, up 3.88% year-on-year

OM SARAWAK (80%, Samalaju, Malaysia)

- Construction progress of Phase 1 of the OM Sarawak ferrosilicon production facility (expressed in terms of cumulated earned value) stands at approximately 42% at the end of September 2013
- The Project’s power substation construction is approximately 83% complete with testing and commissioning expected in Q1 2014
- The first consignment of equipment fabricated by Sinosteel is expected to be delivered to site during Q4 2013

TSHIPI (13% indirect interest)

- Manganese ore continues to be mined, railed and exported. Approximately 226,406 tonnes of ores were shipped during the quarter
- Construction of the 2.4mtpa processing plant and supporting infrastructure remains on track with previously advised completion and budget targets



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 2013 Quarter is summarised below:

	Unit	Sept 2013 Quarter	FYTD 2013	June 2013 Quarter	Sept 2012 Quarter
Mining					
Total Material Mined	bcms	2,060,080	4,940,699	1,659,306	882,913
Ore Mined – tonnes	dt	466,539	1,256,102	430,548	241,078
Ore Mined – Mn grade	%	20.01	20.74	20.87	22.68
Production					
Lumps – tonnes	dt	90,894	370,851	133,332	93,979
Lumps – Mn grade	%	34.24	33.89	35.38	35.80
Fines/SPP – tonnes	dt	59,949	183,783	74,851	52,931
Fines/SPP – Mn grade	%	36.35	36.67	36.99	37.42
Total Production – tonnes	dt	150,843	554,633	208,183	146,910
Total Production – Mn grade	%	35.08	34.81	35.96	36.38
Sales					
Lumps – tonnes	dt	107,221	369,661	110,625	104,606
Lumps – Mn grade	%	35.01	34.13	35.36	35.91
Fines/SPP – tonnes	dt	70,376	183,006	68,995	71,203
Fines/SPP – Mn grade	%	36.55	36.77	36.18	38.02
Total Sales – tonnes	dt	177,596	552,668	179,620	175,809
Total Sales – Mn grade	%	35.62	35.00	35.67	36.76

Mining

Mining activities during the September 2013 Quarter were focused initially in the Zulu deposit and later in the quarter on a cut-back of the Shekuma deposit and on pre-strip and development activities in the new Yaka deposit.

Total ore mined during the September 2013 Quarter was 0.467 million tonnes. Total material movement during the September 2013 Quarter was 2.06 million bcm's and included over 0.40 million bcm's of material mined at the Shekuma and Yaka deposits to access the respective ore bodies.

Ore production early in the September 2013 Quarter was broadly in line with expectations and continued to improve with depth as mining activities advanced below the water table in the Zulu deposit. Whilst ore tonnage and manganese grade reconciliations were in line with reserve model expectations, structural influences on the ore body caused by localised faulting in the Zulu deposit continued to result in a higher proportion of lower grade ore being mined within each ore block. The higher proportion of lower grade ore resulted in significantly lower than expected mass yields once the ore was treated through the processing plant.

As a consequence of the low mass yields from the Zulu deposit, a decision was made to re-deploy resources from the Zulu deposit to the Shekuma deposit, with commencement on a cut-back above the higher grade ore zone of the deposit and a pre-strip of the new Yaka deposit within zones of high grade manganese ore close to surface.



Processing

Production for the September 2013 Quarter was 150,843 tonnes at an average grade of 35.08% Mn and was negatively impacted by the poor processing characteristics of the Zulu deposit ores, which resulted in significantly lower than expected mass yields when processed for the majority of the September quarter.

Zulu ore processing performance for the September 2013 Quarter was expected to improve above the levels experienced in the June 2013 Quarter which were affected by an elevated iron content and a higher ratio of fine materials in the ore feed. This was due to localised faulting in the Zulu pit which required the addition of lumpier low grade ores to maintain the appropriate lump-fine ratio in the finished product. Whilst the manganese grade of the ore delivered to the processing plant improved in the September quarter, the plant mass yield continued to reduce significantly due to the overall competency of the ore and resulted in plant mass yields being significantly below forecast.

Ore from the Yaka deposit was accessed late in the month of September 2013 and had an immediate positive effect to improving plant mass yields, when treated through the processing plant. Processing performance in the December 2013 Quarter is expected to improve significantly from the current quarter as the higher grade more competent ore supply is delivered from the Shekuma and Yaka deposits.

Logistics

During the September 2013 Quarter a total of 186,533 wet tonnes (177,596 dry tonnes) of manganese product was exported through the Port of Darwin in 5 vessels.

Unit Operating Costs

The C1 unit cash operating cost for the September 2013 Quarter was A\$6.09/dmtu and was affected by the poor yielding nature of the Zulu ore and the fully expensed top-cut and pre-strip activities in the Shekuma and Yaka deposits.

Dispute with Territory Revenue Office

OMM 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. While 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 may be entitled to a refund from the TRO of an amount in the order of \$6.19 million relating to the first round of TRO assessments for the 2006-2008 royalty years. However, during the September 2012 Quarter, the TRO issued further Notices of Assessment of Mineral Royalties for the years 2006, 2007, 2008 and 2009 resulting in additional royalties of \$9,349,460.68. A further amount of \$3,171,815.93 in additional royalties was assessed as owing for the 2010 year.

Pursuant to the Mineral Royalty Act (NT) and the Taxation Administration Act (NT), OMM has formally objected to the amended royalty assessments noted above. Notwithstanding OMM's objections to the additional royalties, OMM has paid a total of \$4,915,500 to date in relation to the outstanding royalty assessments and has entered into a payment plan with the TRO in relation to the outstanding amount.

OMM Operating Outlook

The mine's production target for 2013 continues to centre around a normalised and fully optimised life of mine strip ratio mining operation producing approximately 800,000 product tonnes at a C1 unit production cost of approximately A\$4.50/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 2013 Quarter is summarised below:

	Sep 2013 Quarter	FYTD 2013	Jun 2013 Quarter	Sep 2012 Quarter
Tonnes				
Production				
HCFeMn	23,359	70,358	24,730	18,565
Mn Sinter Ore	68,748	195,225	66,761	44,034
Sales				
HCFeMn	19,017	62,470	26,759	10,799
Mn Sinter Ore	43,207	101,429	27,145	23,175

Production

During the September 2013 Quarter, OMQ produced 23,359 tonnes of HCFeMn, representing a 26% year-on-year increase, attributable to the continuous outperformance of OMQ's furnaces.

During the quarter, production of 68,748 tonnes of manganese sinter ores was achieved, representing 56% year-on-year increase.

Sales

During the September 2013 Quarter, OMQ achieved sales of 19,017 tonnes and 43,207 tonnes of HCFeMn and manganese sinter ores respectively.

OMQ Outlook

OMQ expects to exceed its 2013 production target of 80,000 tonnes of HCFeMn and 250,000 tonnes of manganese sinter ore. Domestic Chinese demand for HCFeMn remains strong.

MARKETING AND TRADING, AND MARKET OUTLOOK

During the September 2013 Quarter, the Marketing and Trading division sold 479,548 tonnes of ore and alloy.

According to Worldsteel, crude steel production in China during the period up to September 2013 amounted to 586 million tonnes, up 9.67% year-on-year and world crude steel production for the same period was 1,186 million tonnes, up 3.88% year-on-year.

China's crude steel production in September 2013 was 65 million tonnes, a 12.90% increase from the corresponding period in 2012.

Despite robust demand the manganese ore price (44% Mn Metal Bulletin index) declined during the quarter from US\$5.49/dmtu CIF China (July 2013) to US\$5.17/dmtu (August 2013) to US\$ 5.12/dmtu (September 2013). Recent price publications indicate the price having stabilised during September with October published prices increasing to US\$5.23/dmtu CIF China.



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

OM Sarawak owns a Ferro Alloy Smelting Project in the Samalaju Industrial Park in Sarawak, Malaysia (“Project”). Phase 1 of the Project is currently being constructed consisting of a ferrosilicon production facility with the capacity to produce 308,000 tonnes per annum of ferrosilicon alloys.

Overall project progressed expressed as the cumulated earned project value was approximately 42% at the end of September 2013, which is approximately 7% behind budget.

Power Supply

Construction of the 275kV power substation was approximately 83% complete at the end of September 2013. Procurement and delivery of almost all equipment has been completed and the substation is expected to be ready for testing and commissioning during Q1 2014, well in advance of the Project’s Phase 1 commissioning.

EPC Contract

The Engineering, Procurement and Construction (“EPC”) contract is being carried out by Sinohydro Corporation Limited and Sinohydro Corporation (M) Sdn Bhd (together “Sinohydro”), and Sinosteel Jilin Electro-Mechanical Equipment Co. Ltd (“Sinosteel”) as a nominated sub-contractor.

Delivery and Performance

The EPC contract works for civil, structural, equipment fabrication and installation was approximately 38% complete at the end of the September 2013 Quarter, approximately 6% behind budget. The slower than planned rate of deployment of construction workers is the primary cause for the delay. The EPC Contractor has adopted a rectification strategy to make up the shortfall and remains committed to the commencement of commissioning of Phase 1 in Q2 2014 and full-scale commercial operation in Q2 2015.

The project remains Lost Time Injury free since site construction commenced in March 2013.

Construction and Procurement

Sinohydro’s construction activity continued on the civil and concreting works for Plant A and Plant B. Foundations and structural concreting works have been established for numerous buildings including most of the main furnace workshops and some auxiliary buildings.

Sinosteel’s procurement and fabrication work in China remains ahead of schedule. Equipment fabrication for Plant A is almost complete, and fabrication work for furnaces, electrode, material loading, de-dusting and cooling systems has now commenced for Plant B. The first consignment of equipment is expected to be delivered to site during Q4 2013.



275kV Main Substation



Main Furnace Building



OM Holdings Limited**CORPORATE****Tshipi é Ntle Manganese Mining (Pty) Ltd (“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.

Tshipi owns 2 manganese prospects in the world class Kalahari Manganese field, namely Tshipi Borwa and Tshipi Bokone.

Tshipi Borwa Manganese Mine

Activities at Tshipi Borwa during the September 2013 Quarter included the production and sale of manganese ore, using a temporary crushing and screening circuit, whilst continuing with the construction of the 2.4 million tonne per annum processing plant and support facilities.

Transnet rail has committed to make available two trains per week while one additional train per week is at Transnet's discretion. Alternative road/rail solutions are being adopted to increase logistics capacity, which includes the use of sea containers and skiptainers.

226,406 tonnes of manganese was railed and shipped during the September 2013 Quarter.

CAPITAL STRUCTURE

As at 30 September 2013, the Company had 733,423,337 ordinary shares, 25,000,000 convertible notes and 6,000,000 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 its extensive tenement holdings in the area.

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*