

OM HOLDINGS LIMITED

(ARBN 081 028 337)



No. of Pages Lodged: 9

29 April 2014

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

Dear Sir/Madam

MARCH 2014 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)

- Solid March 2014 Quarterly manganese ore production of 221,690 tonnes grading 34.75% despite significant rainfall events during the quarter. 86,000 tonnes were produced in the month of March 2014 as site conditions improved
- March 2014 Quarterly manganese ore shipments of 197,052 dry tonnes (210,005 wet tonnes), impacted by infrastructure damage to sections of the Katherine-Darwin rail line and company owned haul road, caused by storms and rainfall events
- March 2014 Quarter C1 unit cost of A\$4.30/dmtu impacted by weather events. March 2014 C1 unit cost was a notable A\$3.72/dmtu with improved site conditions

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

- First quarter production of 21,013 tonnes of HCFeMn alloy and 34,230 tonnes of manganese sinter ores, in line with expectations
- First quarter sales of 16,913 tonnes of HCFeMn alloy and 23,579 tonnes of manganese sinter ores, in line with expectations



MARKETING AND TRADING AND MARKET UPDATE

- 633,391 tonnes of equity and third party ores and alloys were transacted during the quarter
- China's March 2014 year-to-date crude steel production reached 202 million tonnes, an increase of 3.2% year-on-year. China's crude steel production in March 2014 amounted to 70 million tonnes, up 6% year-on-year
- World crude steel production for the same period reached 404 million tonnes, representing a 2.8% year-on-year increase
- According to the International Manganese Institute, China's full year 2013 manganese ore imports reached 16.6 million tonnes, a 34% increase year-on-year

OM SARAWAK (80%, Samalaju, Malaysia)

- Overall construction progress of Phase 1 of the OM Sarawak ferrosilicon production facility (expressed in terms of cumulated earned value) stands at 61% as at the end of March 2014
- Construction of the 275kV power substation stands at 92% completion, with end to end testing expected in Q2 2014
- Four consignments of equipment representing 56% of the total equipment requirements, fabricated and/or procured by Sinosteel arrived on site
- Equipment installation is in progress for workshop A01
- The first batch of about 260 newly recruited production workers has commenced a comprehensive induction and training program in China

TSHIPI (13% indirect interest)

- Manganese ore continues to be mined, railed and exported. 393,532 tonnes of ores were shipped during the quarter
- Progress continues to be made on the construction of the permanent 2.4mtpa processing plant and supporting infrastructure

CORPORATE

- Executed a US\$50 million debt facility with Standard Chartered Bank, and a concurrent US\$10 million loan facility with certain managers and investors of the Borrowers (defined below), thereby strengthening the Group's capital structure (through the refinancing of short-term liabilities and creating additional liquidity to ensure the delivery of the OM Sarawak Project)



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

Production from the Bootu Creek Manganese Mine for the March 2014 Quarter is summarised below:

	Unit	Mar 2014 Quarter	FYTD 2014	Dec 2014 Quarter	Mar 2013 Quarter
Mining					
Total Material Mined	bcms	1,538,417	1,538,417	2,238,169	1,221,313
Ore Mined – tonnes	dt	421,705	421,705	586,853	365,111
Ore Mined – Mn grade	%	23.17	23.17	23.96	21.53
Production					
Lumps – tonnes	dt	167,385	167,385	190,657	146,616
Lumps – Mn grade	%	34.00	34.00	34.90	32.33
Fines/SPP – tonnes	dt	54,305	54,305	81,314	48,987
Fines/SPP – Mn grade	%	37.05	37.05	36.74	36.57
Total Production – tonnes	dt	221,690	221,690	271,971	195,602
Total Production – Mn grade	%	34.75	34.75	35.45	33.39
Sales					
Lumps – tonnes	dt	146,494	146,494	135,735	151,815
Lumps – Mn grade	%	34.12	34.12	34.22	32.61
Fines/SPP – tonnes	dt	50,558	50,558	70,197	43,636
Fines/SPP – Mn grade	%	36.43	36.43	37.18	38.04
Total Sales – tonnes	dt	197,052	197,052	205,933	195,451
Total Sales – Mn grade	%	34.71	34.71	35.23	33.82

Mining

Mining activities during the March 2014 Quarter continued to focus on the Yaka and Shekuma deposits. Activities were restricted for extended periods in January and February 2014 due to rainfall events which impacted ore supply to the processing plant. Over 775 mm of rain was recorded in the site rain gauges during the March 2014 Quarter.

Despite the significant rainfall events, total material movement during the March 2014 Quarter was 1.54 million bcm and included 0.422 million tonnes of high grade ore at 23.17% Mn.

Processing

Production for the March 2014 Quarter was 221,690 tonnes at an average grade of 34.75% Mn. Significant rainfall events in January and February 2014 caused screen and chute blockages and required the addition of dryer, lower grade stockpiled ores to be blended with the wet primary feed material to maintain feed rates.

Production in March improved to over 86,000 tonnes as conditions on site improved and ore supply returned to normalised levels. Despite restricted throughput rates during the March 2014 Quarter, the higher grade, competent ore supply from the Shekuma (stage) and Yaka deposits is expected to continue to improve process plant mass yields.

Logistics

During the March 2014 Quarter a total of 197,052 dry tonnes (210,005 wet tonnes) of manganese product was exported through the Port of Darwin in 4 vessels.



The March 2014 Quarter's shipping schedule was impacted by infrastructure damage to an estimated 300 meter section of the Katherine-Darwin railway line, caused by the above noted storm and weather events. A section of the company's sealed haul road was also damaged due to washouts and required repairs to several causeways and road edges. By the end of the March 2014 Quarter, logistics haulages were back to normalised levels.

Unit Operating Costs

The C1 unit cash operating cost for the March 2014 Quarter was A\$4.30/dmtu, as production was impacted by a restriction to ore supply to the plant caused by severe rainfall events in January and February 2014. The C1 unit cash operating cost for the month of March 2014 improved to a notable \$3.72/dmtu as the site returned to normalised conditions.

OMM Operating Outlook

The mine's production target for 2014 is based around a normalised and fully optimised life of mine strip ratio mining operation with the majority of the ore supply from the Yaka and Shekuma deposits producing approximately 900,000 product tonnes at a C1 unit production cost of approximately A\$4.00/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 March 2014 Quarter is summarised below:

	Mar 2014 Quarter	FYTD 2014	Dec 2013 Quarter	Mar 2013 Quarter
Tonnes				
Production				
High Carbon Ferro Manganese("HC FeMn")	21,013	21,013	23,760	22,269
Mn Sinter Ore	34,230	34,230	49,933	59,716
Sales				
High Carbon Ferro Manganese("HC FeMn")	16,913	16,913	21,869	16,694
Mn Sinter Ore	23,579	23,579	20,643	31,077

Production

During the March 2014 Quarter, OMQ produced 21,013 tonnes of High Carbon Ferro Manganese (“HC FeMn”) alloy. OMQ has demonstrated its ability to consistently maintain a rate of production in excess of 20,000 tonnes per quarter for the past 5 quarters.

Production of 34,230 tonnes of manganese sinter ores was achieved during the quarter.

Sales

During the March 2014 Quarter, OMQ secured sales of 16,913 tonnes and 23,579 tonnes of HC FeMn alloy and manganese sinter ores respectively.

OMQ Outlook

OMQ expects to produce approximately 85,000 tonnes of HC FeMn alloy and 87,000 tonnes of manganese sinter ores in 2014. OMQ management has decided to temporarily cease production of manganese sinter ores designated for external sales due to the declining premiums of lumpy over fines and instead, all of the manganese sinter ores produced at OMQ will be used for internal consumption as feedstock for HC FeMn alloy production. Certain technical staff with experience in commissioning and ramp up of alloy processing facilities will be re-deployed to the Sarawak Project.



MARKETING AND TRADING, AND MARKET UPDATE

During the March 2014 Quarter, the Marketing and Trading division sold 633,391 tonnes of ore and alloy. Ore sales during this quarter included manganese ores from the Tshipi mine in South Africa (of which the Group owns an effective interest of 13%) and from the wholly-owned Bootu Creek mine in Australia.

According to Worldsteel, crude steel production in China during the period up to March 2014 amounted to 202 million tonnes, up 3.2% year-on-year and world crude steel production for the same period was 404 million tonnes, up 2.8% year-on-year. China's crude steel production in March 2014 amounted to 70 million tonnes, up 6% year-on-year.

According to the International Manganese Institute, China imported 16.6 million tonnes of manganese ore during 2013, a 34% increase over the same corresponding period in 2012.

Buyer and trader destocking during the quarter led to a decrease of the index ore price (44%Mn published by Metal Bulletin).

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.

The Project's overall progress expressed as the cumulated earned project value was approximately 61% at the end of March 2014.

Power Supply

Construction of the 275kV power substation was 92% complete at the end of March 2014. Procurement and delivery of all critical equipment has been completed and the substation has commenced pre-commissioning. End to end testing will commence in Q2 2014, and the substation is expected to draw power from the Sarawak power grid well before the start of commercial operation date.

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 57% complete at the end of the March 2014 Quarter. Civil & Structural progress during the reporting quarter has demonstrated a noticeable improvement when compared to the previous quarters due to improved manpower availability and productivity post the Chinese New Year holiday and improving weather conditions.

With the improved productivity, commissioning of Phase 1 is expected to commence in Q3 2014 and reaching 100% project completion 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 main furnace workshops and auxiliary buildings for Plant A and Plant B. Infrastructure works, including but not limited to reservoir, road work, cable trench and drainage, have commenced during the quarter.

Sinosteel's procurement and fabrication work in China remains on schedule. Equipment fabrication for Plant A is complete, and fabrication work for low hood furnace cover, electrode, transformers, de-dusting and cooling systems is in process for Plant B. Four vessels of equipment, approximately 56% of the total equipment, have arrived on site. Equipment installation work has commenced for the first workshop (A01) and its auxiliary facilities during the quarter.

Pre-operation

Commercial production is expected to commence on a phased ramp-up basis and the company is preparing for operational readiness. To date, 65% of workers required for Plant A of about 260 workers have been recruited and are undergoing a comprehensive training program in China. Raw materials and certain auxiliary materials are expected to arrive on site before testing and commissioning.



Substation Control Building



Main Workshops A01 and A02



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 March 2014 Quarter included the production and sale of manganese, using the temporary crushing and screening circuit, whilst continuing with the construction of the permanent 2.4 million tonne per annum processing plant and support facilities.

393,532 tonnes of manganese was shipped during the March 2014 Quarter while total manganese transported to ports amounted to 482,286 tonnes.

FINANCING

As announced on 3 March 2014, the Company, together with its wholly-owned subsidiary, OM Materials (S) Pte Ltd (collectively the “Borrowers”) successfully executed a US\$50 million debt facility with the Company’s long standing financier Standard Chartered Bank (“SCB”), and a concurrent US\$10 million loan facility with certain managers and investors of the Borrowers.

The facilities allowed the Group to strengthen its capital structure, refinance its short-term liabilities and create additional liquidity to ensure the delivery of the OM Sarawak project.

As part of the funding package, 26,000,000 warrants were granted to SCB and a further 5,200,000 warrants were granted to certain managers/investors of the Borrowers. The warrants are issued at no charge, exercisable within five years from the issue date at a conversion price of A\$0.40 per warrant.

CAPITAL STRUCTURE

As aforementioned, the Company issued 31,200,000 unlisted warrants on 25 March 2014, and 2,000,000 unlisted options expired unexercised during the quarter. As at 31 March 2014, the Company had 733,423,337 ordinary shares, 25,000,000 convertible notes, 4,000,000 unlisted options and 31,200,000 unlisted warrants 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 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 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*