

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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30 October 2014

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

Dear Sir/Madam

SEPTEMBER 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 September 2014 quarterly manganese ore production of 251,411 tonnes grading 36.16%; 2014 year-to-production stands at 698,196 tonnes**
- **September 2014 quarterly manganese ore shipments of 279,496 dry tonnes (291,701 wet tonnes) grading 36.48%**

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

- **High Carbon Ferro Manganese (“HCFMn”) produced and sold during the quarter of 22,577 tonnes and 21,431 tonnes, respectively**



MARKETING AND TRADING, AND MARKET UPDATE

- 780,700 tonnes of equity and third party ores transacted during the quarter
- China's crude steel production between July to September 2014 amounted to 204.77 million tonnes, representing a 3.85% year-on-year increase
- World crude steel production for the same period was 406.66 million tonnes, representing a 2.60% year-on-year increase

OM SARAWAK (80%, Samalaju, Malaysia)

- First production from A01 Workshop successfully tapped on 22 September 2014; 293 metric tonnes of ferrosilicon produced up to 30 September 2014
- First shipment of ferrosilicon expected to be sold and shipped to customers in Japan in the first week of November 2014
- Overall construction progress of Phase 1 of the OM Sarawak ferrosilicon production facility (expressed in terms of cumulated earned value) stands at 81% at the end of September 2014
- Construction of the 275kV power substation 99% complete; connection agreement completed and substation successfully energised with power drawn from the grid
- Equipment installation well progressed for workshops A02, A03 and B01
- All equipment for smelter fabricated; final delivery expected by Q4 2014



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 2014 Quarter is summarised below:

	Unit	Sept 2014 Quarter	YTD 2014	June 2014 Quarter	Sept 2013 Quarter
Mining					
Total Material Mined	bcms	1,492,955	5,553,724	2,522,352	2,060,080
Ore Mined – tonnes	dt	609,712	1,557,158	525,741	466,539
Ore Mined – Mn grade	%	23.09	22.86	22.34	20.01
Production					
Lumps – tonnes	dt	177,314	502,863	158,164	90,894
Lumps – Mn grade	%	35.82	35.25	35.93	34.24
Fines/SPP – tonnes	dt	74,097	195,333	66,931	59,949
Fines/SPP – Mn grade	%	36.98	37.12	37.34	36.35
Total Production – tonnes	dt	251,411	698,196	225,095	150,843
Total Production – Mn grade	%	36.16	35.77	36.35	35.08
Sales					
Lumps – tonnes	dt	191,251	552,053	214,308	107,221
Lumps – Mn grade	%	36.03	35.39	35.68	35.01
Fines/SPP – tonnes	dt	88,245	219,979	81,175	70,376
Fines/SPP – Mn grade	%	37.47	37.35	37.78	36.55
Total Sales – tonnes	dt	279,496	772,032	295,483	177,597
Total Sales – Mn grade	%	36.48	35.95	36.26	35.62

Mining

Mining activities during the September 2014 Quarter continued to focus on the Yaka and Shekuma deposits, which continued to deliver high grade competent ore.

Mining costs continued to decrease with efficiency improvements and re-optimised mine plans. A comprehensive review of the plant’s total mining fleet requirements continued through-out the quarter, which resulted in progressive demobilization of bulk of the remaining third party rental equipment over the September 2014 Quarter.

A new 200 tonne excavator was delivered and commissioned on site late in the quarter. The new excavator will augment the existing owned fleet and underpin OMM’s mine plan strategy of achieving a fully integrated owner-run operation. OMM continues to optimise its mining operations over a range of manganese ore prices to maintain responsiveness amidst changing market conditions, while ensuring it is capable of delivering maximum production flexibility.

Processing

The mine achieved a solid ore production of 251,411 tonnes for the September 2014 Quarter at an average grade of 36.16% Mn. Competent ore supply from the Shekuma and Yaka deposits contributed to the improved process plant mass yields.



Logistics

During the September 2014 Quarter, a total of 279,496 dry tonnes (291,701 wet 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 September 2014 Quarter was A\$3.71/dmtu, a significant improvement over the June 2014 Quarter of A\$4.42/dmtu. The improvement was achieved through implementation of cost reduction measures and sustained improvements in processing plant mass yields arising from the higher yielding nature of ore supplied during the quarter. The year to date C1 unit cash operating cost as at the end of the September 2014 Quarter was A\$4.13/dmtu.

OMM Operating Outlook

The mine's production target for 2014 is based on 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.



SMELTING

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

Production from the Qinzhou smelter and sinter plant for the September 2014 Quarter is summarised below:

	Sept 2014 Quarter	YTD 2014	June 2014 Quarter	Sept 2013 Quarter
Tonnes				
Production				
High Carbon Ferro Manganese ("HCFeMn")	22,577	69,087	25,497	23,359
Mn Sinter Ore	0	86,772	52,542	68,748
Sales				
High Carbon Ferro Manganese ("HCFeMn")	21,431	65,152	26,808	19,017
Mn Sinter Ore	0	26,329	2,750	20,643

Production

During the September 2014 Quarter, OMQ produced 22,577 tonnes of High Carbon Ferro Manganese ("HCFeMn").

OMQ temporarily ceased production of manganese sinter ores as previously announced.

Sales

During the September 2014 Quarter, OMQ secured sales of 21,431 tonnes of HCFeMn, representing a 12.7% increase over previous corresponding period in Q3 2013.

MARKETING AND TRADING, AND MARKET UPDATE

During the September 2014 Quarter, a total of 780,700 tonnes of manganese ores was transacted.

According to Worldsteel, crude steel production in China between July to September 2014 amounted to 204.77 million tonnes, up 3.85% year-on-year and world crude steel production for the same period was 406.66 million tonnes, up 2.60% year-on-year.

During the September 2014 Quarter, prices of manganese ore weakened marginally from the previous quarter but remained relatively stable with the price of the 44% Mn staying in the range of US\$4.30-US\$4.40/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.

Commercial Operation

As previously announced, first production from furnace 1 of A01 Workshop was successfully tapped on 22 September 2014. Since the first tapping, a total of 293 metric tonnes of ferrosilicon has been produced as at 30 September 2014.

Furnace 2 from the same workshop commenced testing and commissioning on 26 September 2014. Both furnaces are currently in the ramp up stage, and once stipulated production capacity has been achieved in accordance with the EPC contract, A01 Workshop will be provisionally accepted.

The first shipment of ferrosilicon is expected to be sold and shipped to customers in Japan in the first week of November 2014. This is a significant milestone in the plant’s commercial operations ramp up process, and represents the first of future expected operating cash flows.

Construction

The overall construction progress expressed as the cumulated earned project value was approximately 81% at the end of September 2014.

Substation

The substation, including the static VAR compensator system, had been substantially completed with a reported accumulated earned value of 99%. Following the execution of the connection agreement, the substation was successfully energised with power drawn from the Sarawak power grid to A01 Workshop for testing and commissioning purposes.

EPC’s Delivery and Performance

The EPC contract works for civil, structural, equipment fabrication and installation works cumulated earned value was approximately 78% complete at the end of the September 2014 Quarter. The completion of A01 Workshop and its auxiliary facilities and commencement of equipment installation at workshops A02, A03 and B01 contributed positively to the EPC contract progress during this quarter.

Construction activity was centred on the civil and structural works at Plant B. The workshops and auxiliary buildings for Plant A, and one furnace workshop in Plant B are near completion. All infrastructure works - roads, cable trenching, sewage and drainage in Plant A had been completed as of 30 September 2014.

All of the equipment required for the smelter plant had been fabricated, with delivery to site scheduled in Q4 2014.

Following the successful commissioning of A01 Workshop in September 2014, workshops A02 and A03 are scheduled for testing and commissioning in Q4 2014.



Casting process



Different perspective of workshops A01, A02, A03, B01, B02 and B03



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

Tshipi exports for the September 2014 Quarter totalled 538,325 tonnes, representing a 138% increase from the previous corresponding period in 2013. Based on this quarter's performance, it is expected that Tshipi will achieve its targeted exports of 2 million tonnes of product in its second year of production.



Crushing and screening plant under construction

CAPITAL STRUCTURE

There were no movements in the share capital structure of the Company during the quarter. As at 30 September 2014, the Company had 733,423,337 ordinary shares, 25,000,000 convertible notes 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 Holdings Limited (OMH) was listed on the ASX in March 1998 and has its foundations in metals trading – incorporating the sourcing and distribution of manganese ore products.

OMH is involved in mining manganese product in Australia and South Africa and is currently constructing a smelter in Sarawak, Malaysia to produce ferrosilicon and ferro-manganese intermediate products. The smelter project is owned 80% by OMH.

The first phase of the Sarawak smelter project has commenced production in September 2014 and will ramp up to full commercial production in 2015. When completed the ferrosilicon production facility's capacity of 308,000 tonnes per annum will make it one of the largest ferrosilicon smelters globally.

OMH, through a wholly owned subsidiary, owns the Bootu Creek manganese mine in the Northern Territory. This mine has the capacity to produce up to 1,000,000 tonnes of manganese product per annum.

OMH also owns a 26% investment in Ntsimbintle Mining (Proprietary) Ltd, which, in turn owns 50.1% interest in the world class Tshipi Borwa ("Tshipi") manganese mine in South Africa. This mine has the capacity to produce up to 2,400,000 tonnes of manganese product per annum when the permanent processing plant is completed.

The manganese products of Bootu Creek, and those from Tshipi, are exclusively marketed through the OMH's trading division and OM Tshipi Pte Ltd (33.33% owned) respectively. Through all these activities OMH has established itself as a significant manganese supplier to the Chinese market.