

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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

Dear Sir/Madam

JUNE 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 June 2014 quarterly manganese ore production of 225,095 tonnes grading 36.35%
- June 2014 quarterly manganese ore shipments of 295,484 dry tonnes (310,282 wet tonnes); a record quarterly shipment measured on a dry metric tonne unit (dm tu) basis

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

- Record quarterly production of 25,497 tonnes of High Carbon Ferro Manganese ("HCF e Mn") alloy; representing a 21% quarter-on-quarter increase and a 3% increase over the previous record achieved in Q2 2013
- Record sales of 26,808 tonnes of HCF e Mn alloy achieved during the quarter, representing a 59% quarter-on-quarter increase



MARKETING AND TRADING, AND MARKET UPDATE

- Record volume of 747,800 tonnes of equity and third party ores transacted during the quarter
- China's crude steel production between April to June 2014 amounted to 208.56 million tonnes, an increase of 5.6% year-on-year
- World crude steel production for the same period was 414.51 million tonnes, representing a 3.52% year-on-year increase

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 71% as at the end of June 2014
- Construction of the 275kV power substation stands at 96% complete, with end to end testing completed in Q2 2014
- Equipment installation near completion for workshop A01 and well progressed for workshops A02 and B01
- Equipment fabrication substantially completed; five vessels of equipment (approximately 56% of total equipment procured) have arrived on site
- Operational readiness in full gear – approximately 320 operational staff have been recruited and over 50 management staff have been deployed to site; raw materials and other equipment will be progressively arriving on site from July 2014

TSHIPI (13% indirect interest)

- 534,836 tonnes of ores were shipped during the quarter, representing a 253% increase over the previous corresponding period in 2013; on track to achieve targeted exports of 2 million tonnes in its second year of production



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

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

	Unit	June 2014 Quarter	FYTD 2014	March 2014 Quarter	June 2013 Quarter
Mining					
Total Material Mined	bcms	2,522,352	4,060,769	1,538,417	1,659,306
Ore Mined – tonnes	dt	525,741	947,446	421,705	424,452
Ore Mined – Mn grade	%	22.34	22.71	23.17	20.87
Production					
Lumps – tonnes	dt	158,164	325,549	167,385	133,332
Lumps – Mn grade	%	35.93	34.94	34.00	35.38
Fines/SPP – tonnes	dt	66,931	121,236	54,305	74,851
Fines/SPP – Mn grade	%	37.34	37.21	37.05	36.99
Total Production – tonnes	dt	225,095	446,785	221,690	208,183
Total Production – Mn grade	%	36.35	35.55	34.75	35.96
Sales					
Lumps – tonnes	dt	214,308	360,802	146,494	110,625
Lumps – Mn grade	%	35.68	35.05	34.12	35.36
Fines/SPP – tonnes	dt	81,175	131,734	50,558	68,995
Fines/SPP – Mn grade	%	37.78	37.27	36.43	36.18
Total Sales – tonnes	dt	295,484	492,536	197,052	179,620
Total Sales – Mn grade	%	36.26	35.64	34.71	35.67

Mining

Mining activities during the June 2014 Quarter continued to focus on the Yaka and Shekuma deposits and returned to normal levels following extended periods of restricted access in the March 2014 Quarter due to severe rainfall events.

In the June 2014 Quarter, unit mining rates continued to decline with efficiency improvements and re-optimised mine plans. This also included a comprehensive review of the total required mining fleet. OMM targets to demobilise the remaining third party rental equipment on site progressively over the June and September 2014 quarters with the aim of achieving a fully integrated owner-run operation. OMM will continuously seek to optimise its mining operations over a range of manganese ore prices to maintain responsiveness in changing market conditions, while ensuring it is capable of delivering maximum production flexibility.

Processing

The mine achieved a solid ore production of 225,095 for the June 2014 Quarter at an average grade of 36.35% Mn. Competent ore supply from the Shekuma and Yaka deposits continued to demonstrate improved process plant mass yields.

Logistics

During the June 2014 Quarter, a total of 295,484 dry tonnes (310,282 wet tonnes) of manganese product was exported through the Port of Darwin in 8 vessels. The June 2014 Quarter shipment was the second highest quarterly shipment on record, and the highest quarterly shipment on a dry metric tonne unit (dmtu) basis.



Rail haulage activities for the June 2014 Quarter was a record quarterly tonnage. A temporary rail service was added to move built up product stocks accumulated as of the end of the March 2014 Quarter following infrastructure damage to a section of the Katherine-Darwin railway line and a section of the company's sealed haul road caused by severe weather events.

Unit Operating Costs

The C1 unit cash operating cost for the June 2014 Quarter was A\$4.42/dmtu. While production has returned to normalised levels, higher logistics costs to haul the built up product stocks noted above impacted unit operating costs. On a matched production-shipment basis, the C1 unit operating costs for the June 2014 Quarter would have been approximately A\$4.10/dmtu.

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 June 2014 Quarter is summarised below:

	June 2014 Quarter	FYTD 2014	March 2014 Quarter	June 2013 Quarter
Tonnes				
Production				
High Carbon Ferro Manganese("HCFeMn")	25,497	46,510	21,013	24,730
Mn Sinter Ore	52,542	86,772	34,230	66,761
Sales				
High Carbon Ferro Manganese("HCFeMn")	26,808	43,721	16,913	26,759
Mn Sinter Ore	2,750	26,329	23,579	27,145

Production

During the June 2014 Quarter, OMQ produced 25,497 tonnes of High Carbon Ferro Manganese ("HCFeMn") alloy, representing a 21% quarter-on-quarter increase, and the highest quarterly production recorded to-date.

Sales

During the June 2014 Quarter, OMQ secured record sales of 26,808 tonnes of HCFeMn alloy, representing a 59% quarter-on-quarter increase. Manganese sinter ores sales declined to 2,750 tonnes as the price premiums normally attributed to sinter ores weakened.



OMQ Operating Outlook

Since May 2014, the People's Republic of China (PRC) government has announced several economic stimulus policies which the Company expects to boost the demand of alloy in 2H 2014. In the interim, OMQ is actively expanding its market share with major customers so as to be well positioned should an expected recovery in the alloy demand materialise in 2H 2014.

MARKETING AND TRADING, AND MARKET UPDATE

During the June 2014 Quarter, the Marketing and Trading division sold a record volume of 747,800 tonnes of manganese ores. The bulk of the sales during this quarter included manganese ores from the Tshipi mine in the Kalahari Basin, South Africa (of which the Group owns an effective interest of 13%) and from the Group's wholly-owned Bootu Creek mine in the Northern Territory, Australia.

According to Worldsteel, crude steel production in China between April to June 2014 amounted to 208.56 million tonnes, up 5.6% year-on-year and world crude steel production for the same period was 414.51 million tonnes, up 3.52% year-on-year.

Prior to the PRC government announcing a range of economic stimulus policies in May 2014, efforts to prevent overheating in the market through tightening of the loans to deposit ratio led to buyers destocking during the period. This led to a decrease of the Metal Bulletin index ore price 44% Mn to US\$4.50/ dmtu CIF China and 38% Mn to US\$3.20/ dmtu FOB South Africa in June 2014.

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 71% at the end of June 2014.

Power Supply

Construction of the 275kV power substation was 96% complete at the end of June 2014, with only minor civil and structural works for drainage and piping and the testing and commissioning for Static VAR Compensator outstanding. End to end testing has been successfully completed and 'energisation' is scheduled for Q3 2014, pending the finalisation of the connection agreement. The substation is expected to draw power from the Sarawak power grid well before the start of its commercial operation date.

Last mile connection installation work has been completed. The completion date for the power interconnection facility is in line with the smelting plant's power requirement schedule.

EPC's Delivery and Performance

The EPC contract works for civil, structural, equipment fabrication and installation was approximately 61% complete at the end of the June 2014 Quarter. The continued productivity improvement of the workers has contributed positively to the progress of the civil and structural works during the June 2014 Quarter.

With the improved productivity, and the construction and installation work streams running in parallel, 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

Construction activity continued on the civil and structural works at plants A and B. All of the furnace workshops for plant A, one furnace workshop in plant B and the auxiliary buildings for plant A are near completion. The infrastructure works involving roads, cable trenching, sewage and drainage in plant A are targeted for practical completion in Q3 2014.

Installation of equipment at plants A and plant B has commenced. The installation works for A01 furnace workshop and its auxiliary buildings has been substantially completed, with testing & commissioning scheduled for Q3 2014. Equipment installation is in progress for workshops A02 and B01.

The majority of the equipment fabrication has been completed, and currently the contractor is focusing on the on-time delivery of this equipment to site. Five vessels of equipment, representing approximately 56% of the total procurement have arrived on site and the next vessel is expected to arrive by end of July 2014.

Pre-operation

Commercial production is expected to commence on a phased ramp-up basis in Q3 2014 and the company has been actively gearing up for operational readiness with approximately 320 operational staff recruited and over 50 management staff having been deployed to the site for familiarisation during the June 2014 Quarter. Raw materials, tooling and equipment will be progressively arriving to site from July 2014 onwards.



Panorama view of Phase I



180 MWh outdoor transformers at the Sub Station



Deduster system

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 June 2014 Quarter totalled a record 534,836 tonnes, representing a 253% 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.

Construction on the permanent processing plant continues.



Tshipi Mine

CAPITAL STRUCTURE

As at 30 June 2014, the Company had 733,423,337 ordinary shares, 25,000,000 convertible notes and 31,200,000 unlisted warrants on issue. During the quarter, 4,000,000 unlisted options lapsed with the conclusion of Mr Toth's employment with the Company on 4 April 2014.

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.

OM Materials (Sarawak) Sdn. Bhd., for which the OMH Group owns 80%, owns a Ferro Alloy Smelting Project in the Samalaju Industrial Park in Sarawak, Malaysia. 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. Upon completion, this will be one of the world largest Ferrosilicon plant.

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*