# OM HOLDINGS LIMITED

(ARBN 081 028 337)

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8 March 2006

Company Announcements Office
Australian Stock Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**INVESTOR PRESENTATION**

Please find attached a copy of a presentation to be delivered by Mr Paul Chapman on behalf of the Company to the Euroz Securities Limited 2006 Rottnest Island Conference held on Rottnest Island, Western Australia on Wednesday 8 March 2006.

Yours faithfully
**OM HOLDINGS LIMITED**

Heng Siow Kwee/Julie Wolseley
**Company Secretary**

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ASX Code: OMH

## BACKGROUND PROFILE OF OM HOLDINGS LIMITED

*OMH was listed on the ASX in March 1998 and has grown into a fully integrated miner, processor and trader of manganese product with operations in Australia, China and Singapore.*

*Through its wholly owned subsidiary, OM Manganese Ltd ("OMM"), OMH controls 100% of the Bootu Creek Manganese Mine located 110 km north of Tennant Creek in the Northern Territory.*

*The Bootu Creek Manganese Mine is presently under development and is expected to produce at an annual rate of 550,000 to 600,000 tonnes of manganese ore. The Mine also has excellent exploration potential.*

*Product from the Mine will be exclusively marketed by OMH's successful trading division with a proportion of production from the Mine shipped to OMH'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. The development of the Bootu Creek Manganese Mine will facilitate and further strengthen OMH's position in this market.*

*OMH has a strong, lowly geared financial position and has paid regular dividends since 1998.*

*OMH holds a 25% shareholding in Territory Iron Ltd, a company presently pursuing the development of the Frances Creek iron ore project in the Northern Territory.*

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# OM Holdings Limited

## An Integrated Manganese Producer
## ASX Code: OMH

Website: www.omholdingsltd.com

Paul Chapman
Euroz Securities Rottnest Island Conference 2006
7-9 March 2006

# Disclaimer

This presentation may contain forward looking statements that are subject to risk factors associated with commodities businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

# Agenda

- *OMH*
  - *Strategy*
  - *Capital Structure*
  - *Financial Performance*
  - *Markets*
- Integrated Manganese Business
- Summary

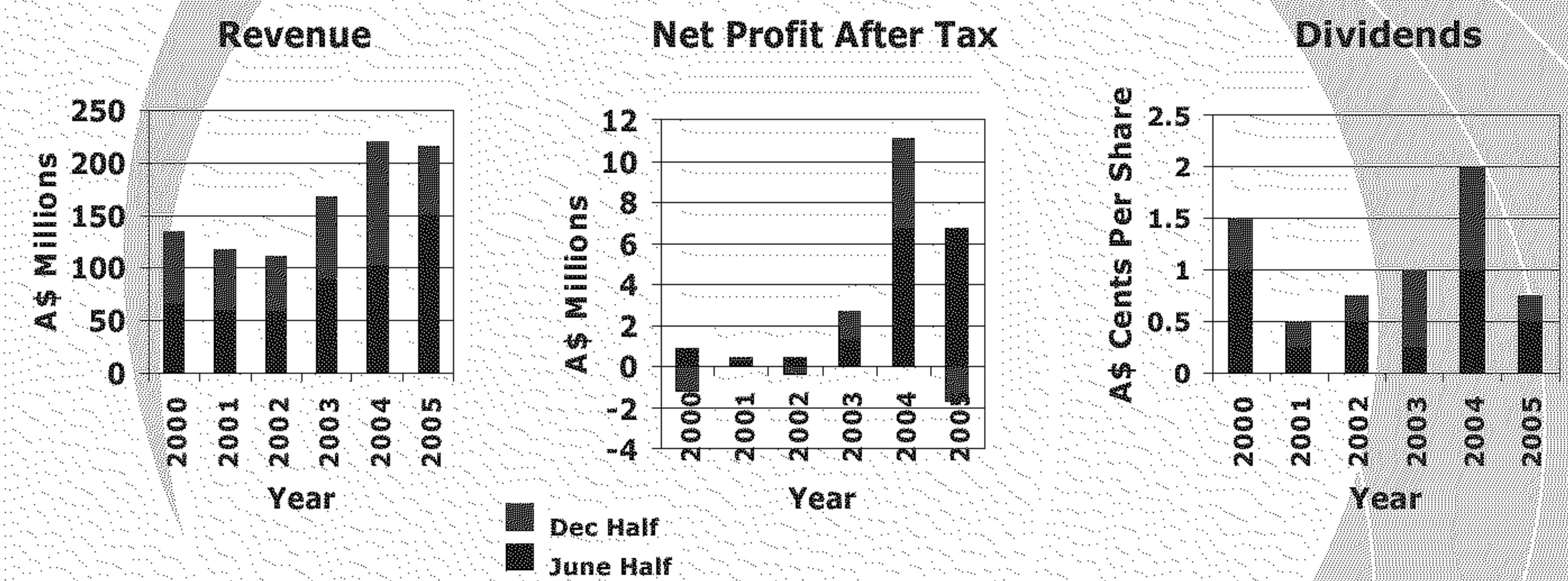
# Strategy

- Build an integrated manganese business
- Add value at Bootu Creek Manganese
  - Production
  - Exploration
  - Expansion option
- Service the growing Chinese steel market
  - Qinzhou expansion
- Leverage off marketing networks
- Maintain sound financial position

# Capital Structure

| | |
|---|---|
| **Issued Capital** | |
| • Listed ordinary | 136.3m |
| • Unlisted options | 5.6m |
| | 141.9m |
| **Major Shareholders** | |
| • Institutions | 30% |
| • Strategic partners | 5% |
| • Board/management | 25% |
| • Top 20 shareholders | ~75% |
| **Market Capitalisation** | A$160m |

# Financial Performance



# Financial Performance

- Sales \$215m (2004: \$219m)
- Profit after tax \$5.0m (2004: \$11.1m)
- Final dividend 0.25 cents (full year 0.75 cents)

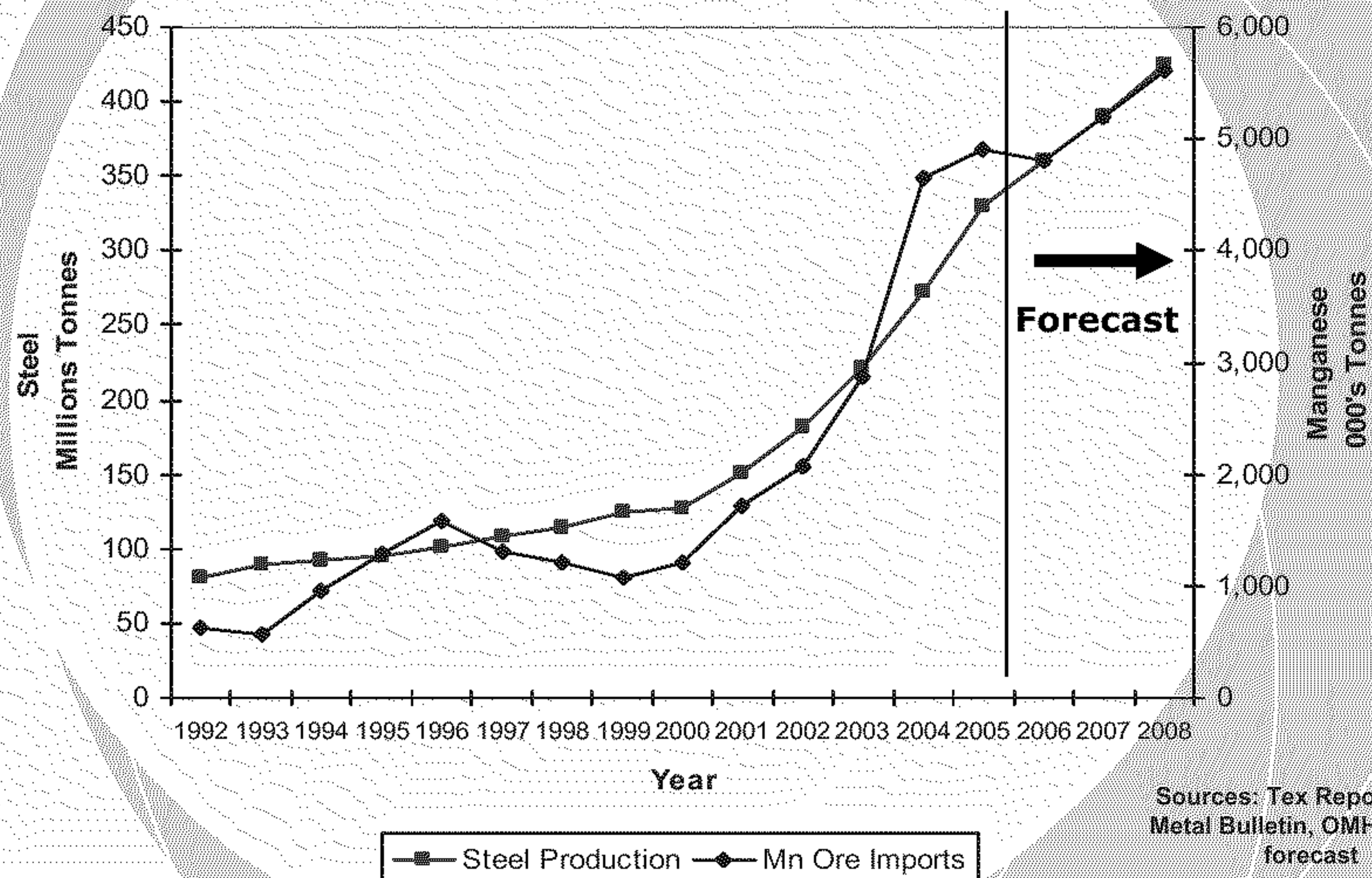
| Division | 2005 (A\$M) | 2004 (A\$M) |
|---|---|---|
| Metal Trading | 6.4 | 9.9 |
| Qinzhou | (0.6) | - |
| Sundry | 0.6 | 1.1 |
| BCM | (0.1) | (0.2) |
| Equity in TFE | 2.1 | (0.2) |
| FX/IFRS/Other | (3.4) | 0.5 |
| NPAT | 5.0 | 11.1 |

# Financial Performance

- **Key drivers**
  - Soft manganese/alloy prices - Dec half
  - Stock build up in - 2004/early 2005
  - Significant items: IFRS ($1.6m), inventory ($1.3m), TFE net gain $2.1m
- **Outlook**
  - Destocking in June half, then firming
  - Expected medium term range US$2.50-3.00 Mn unit

# Chinese Steel & Manganese

## ...Manganese imports into China expected to increase



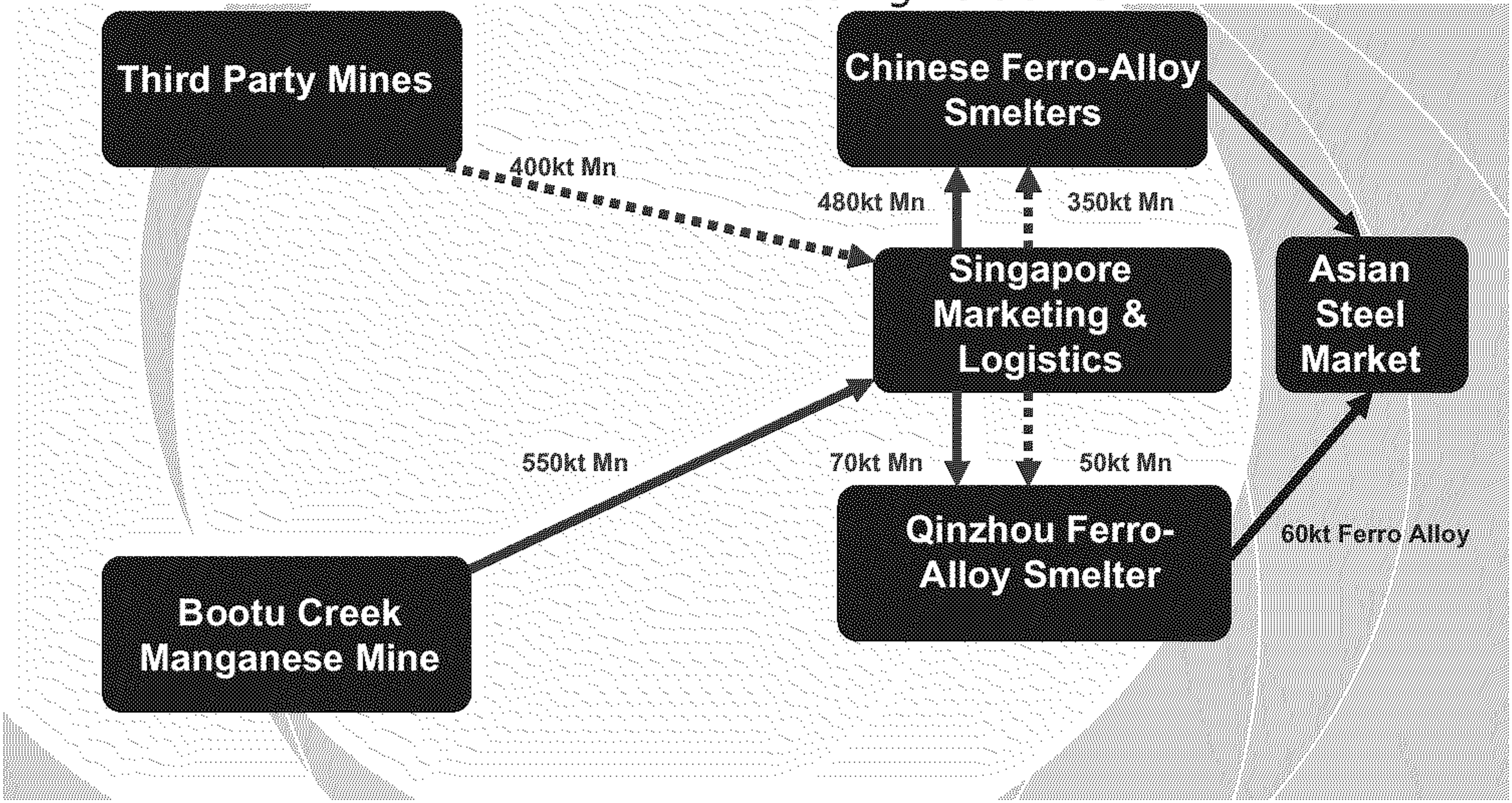

Sources: Tex Report, CRU, Metal Bulletin, OMH internal forecast

# Agenda

- *Integrated Manganese Business*
  - *Bootu Creek Manganese Mine*
  - *Qinzhou Ferro-Alloy Smelter*
  - *Singapore Marketing & Logistics*
- Summary

# Value Chain

...Adding value from mine to market



# Bootu Creek Manganese Mine

- Overview
- Project Start-up
- Finance
- Expansion Option

# Bootu Creek Manganese Mine

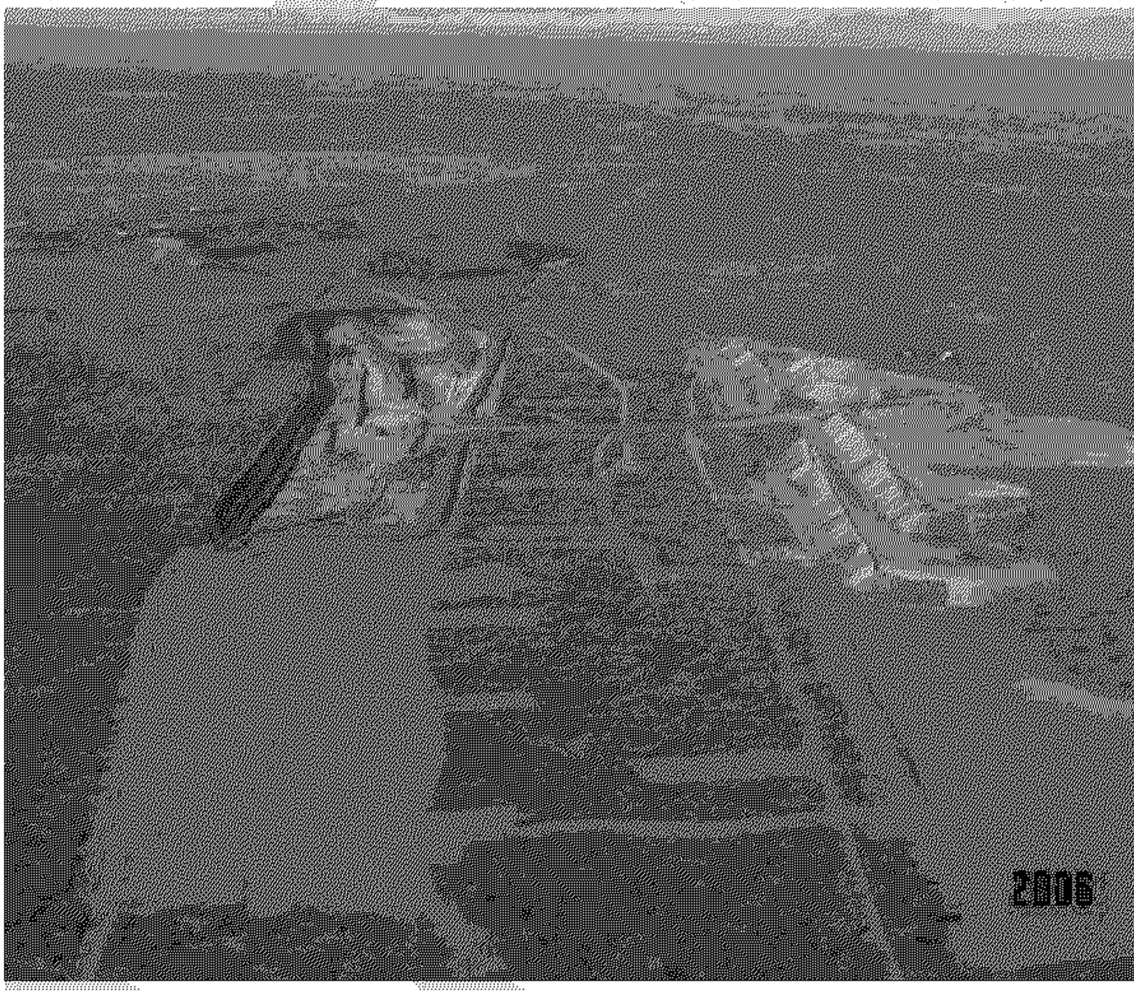
Fly through presentation of site

**OM HOLDINGS LIMITED**
BOOTU CREEK MAGANESE MINE

# Project Start-up

- First production – March/April 2006
  - Abnormal rainfall in January
  - Shekuma mining progressing
  - Drum plant pre-commissioned
  - Critical structural steel on site
  - Temporary crushing
- Critical path items
  - Feed circuit construction
  - Darwin Port Corporation commissioning
- Construction cost - $45 million

# Mining

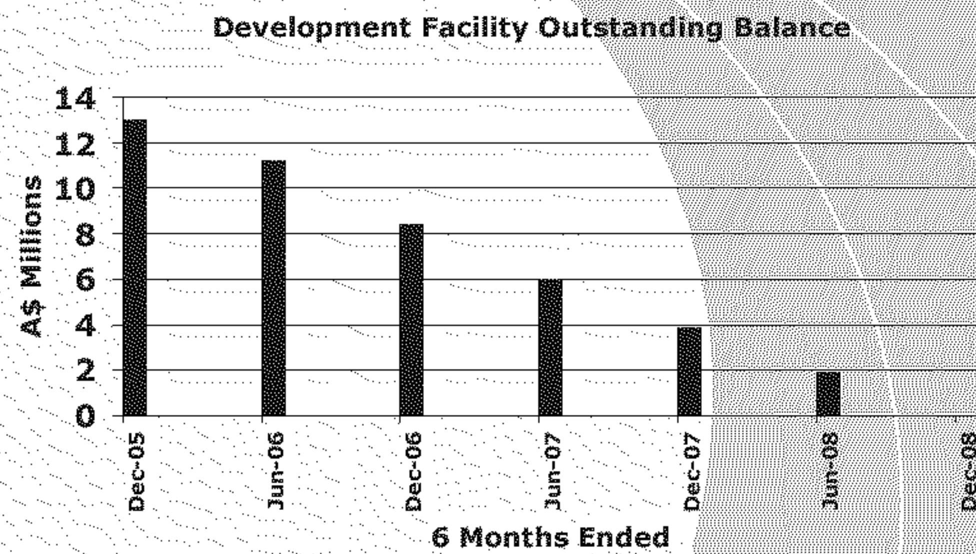



# Process Plant

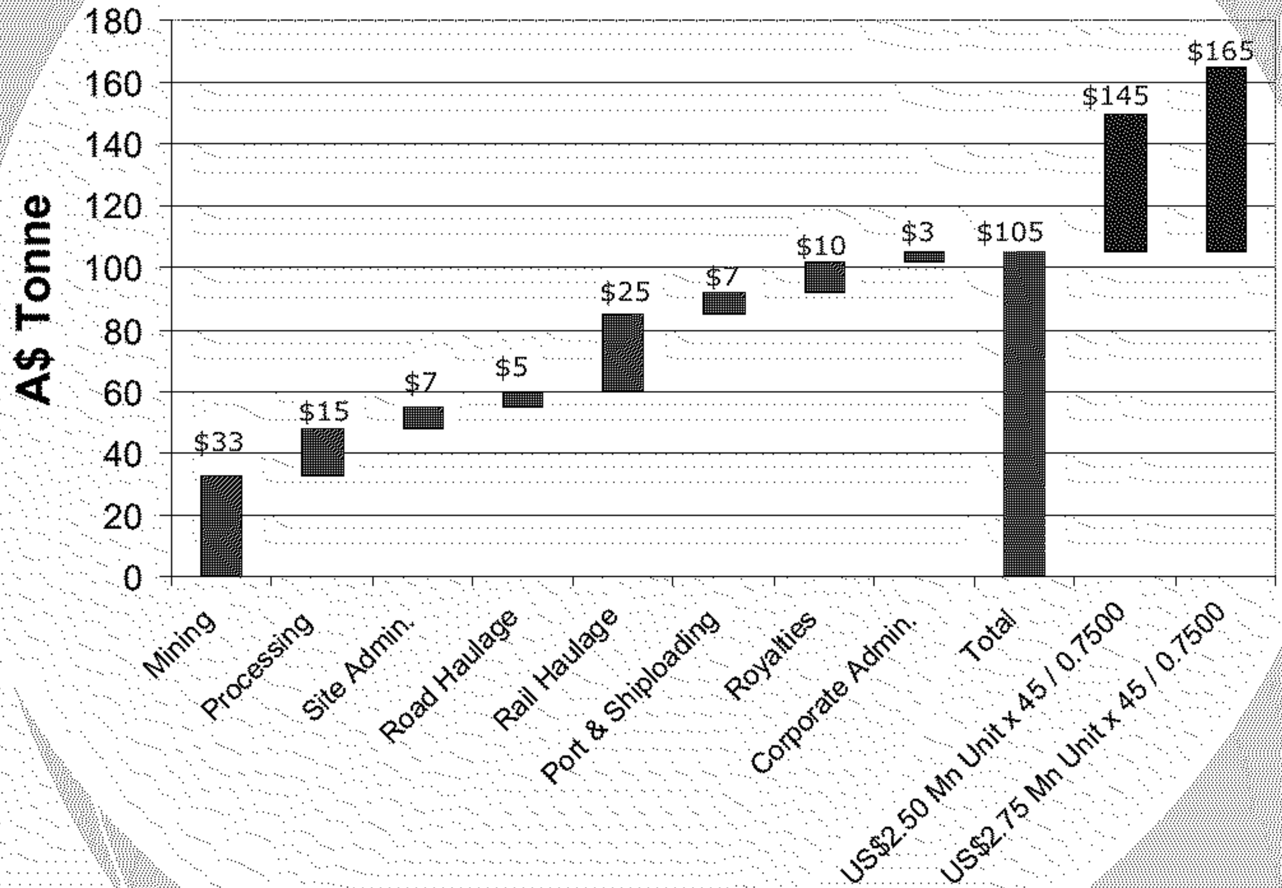
# Infill Drilling

# Project Finance - CBA

- Limited recourse to OMH
- $20m Facility
  - $13m development
  - $7m ongoing working capital
  - $14.5 drawndown
- Currency hedging
  - Minimum 12 months cover of net US$ exposure
  - Options @ 0.7450 ~13% exposure (US$8m)
  - Forwards @ 0.7295 ~ 17% exposure (US$10m)



# BCM – Cash Cost/Margin



# BCM – EBITDA (Steady State)

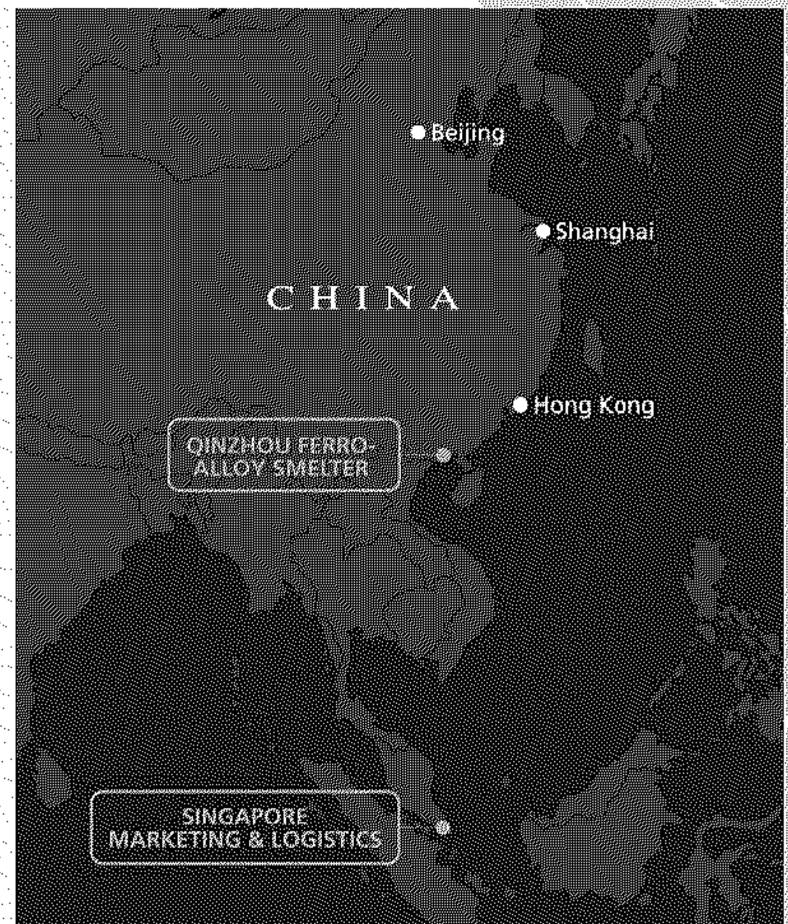
- EBITDA
  - US$2.50 Mn unit @ 0.7500 — $22m pa
  - US$2.75 Mn unit @ 0.7500 — $30m pa
- Manganese Price
  - +/- US$0.10 — $3.4m pa
- Exchange Rate
  - +/- 1 cent — $1.1m pa
- Diesel Fuel
  - +/- 10 cents — $1.2m pa

# Expansion Option

- 1 million tonne pa expansion
  - ➢ Expanded resource base
  - ➢ Market conditions
- Action required
  - ➢ 1 digger / 2 trucks
  - ➢ Parallel drum plant
  - ➢ Additional accommodation
  - ➢ Road, rail & port – expand capacity
- Incremental cost ~A$10 million
  - ➢ Requires feasibility study

# Qinzhou Ferro-Alloy Smelter

- Operations
- Competitive advantage
- Growth



# Operations

- Capacity
  - ➢ Three furnaces - 60k tpa ferro alloy
  - ➢ SiMn/HcFeMn product mix
- Power
  - ➢ Hydro season April to October
  - ➢ Coal fired power available early 2007
- Production
  - ➢ Monitor alloy market/margins
  - ➢ 2006 target 50kt (2005: 25kt)

# Competitive Advantage

- Significant advantage over rival smelters in North & South West China:
  - ➢ Power cost & availability
  - ➢ Freight differentials

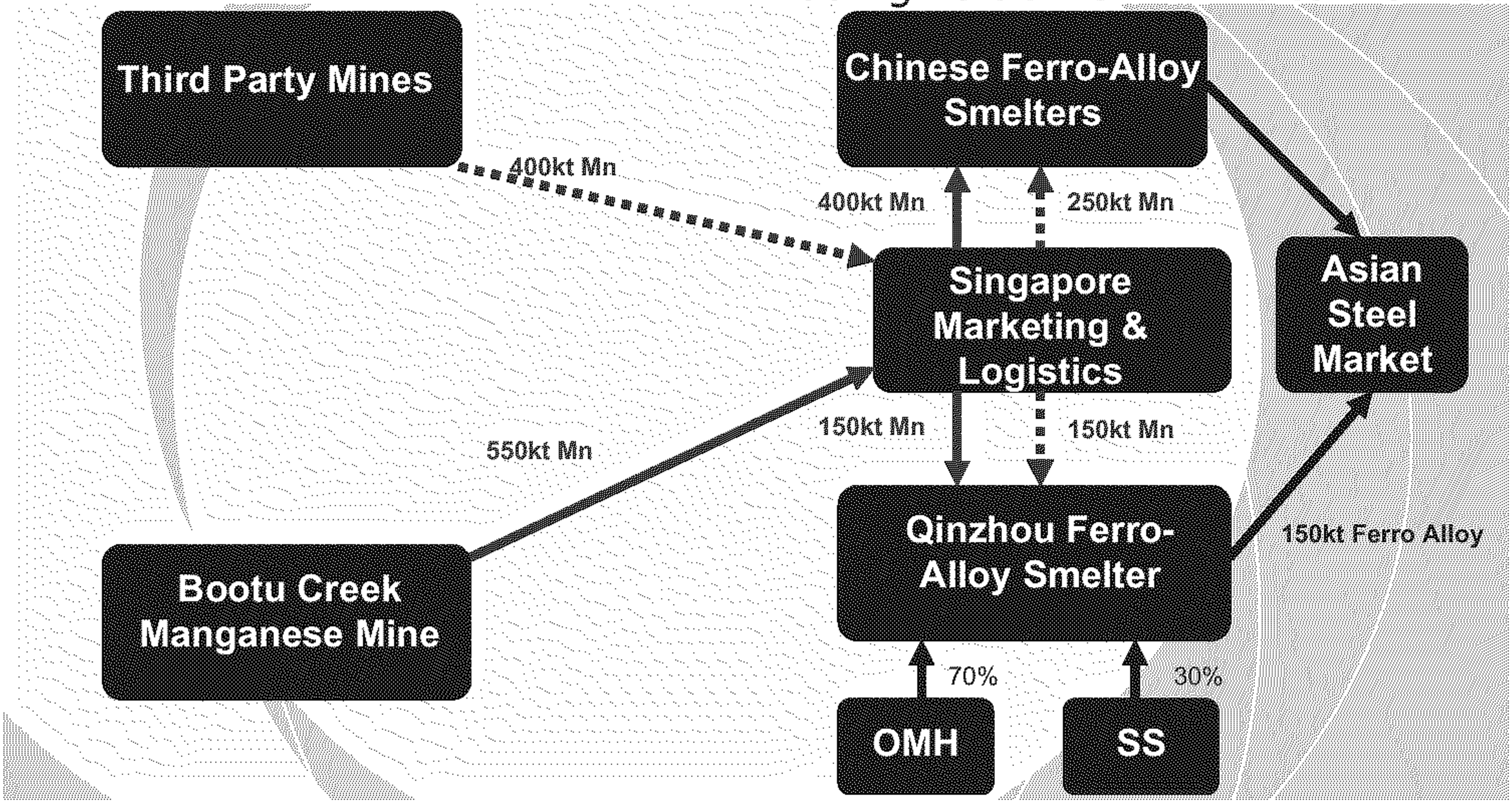
| Ferro Alloy | | | |
|---|---|---|---|
| **From** | **To South Korea US$/t** | **To Japan US$/t** | **To Shanghai US$/t** |
| North China | 25 | N/A | 19 |
| South West China | 33 | 35 | 25 |
| ***Qinzhou*** | ***18*** | ***20*** | ***9*** |

# Growth

- Shanghai Shenjia
  - ➢ Large Chinese ferro-alloy producer
  - ➢ Smelting & alloy marketing expertise
- Joint Venture
  - ➢ Terms formalised mid 2006
  - ➢ Shanghai Shenjia funds Qinzhou expansion, earns ~30%
  - ➢ 140 ktpa capacity mid 2007
- BCM input to increase to ~150 ktpa Mn ore

# New Value Chain

...Adding value from mine to market



# Singapore Marketing/Logistics

- Objectives

# Objectives

- Create an integrated manganese business
  - 550-600k Mn ore production
  - Supply Qinzhou & partners
  - Premium for BCM product
- Supply ~ 20% of China's Mn ore
- Capture margins
  - Logistics, marketing, distribution
  - Favourable tax regime
- Market other products
  - Iron ore (via Territory Iron), chromite

# Agenda

- Background
- Integrated Manganese Business
- *Summary*

# Summary

- Manganese market soft
  - $2^{nd}$ half improvement expected
- BCM in production
  - March/April 2006
- Growth opportunities
  - Quinzhou expansion
  - Exploration program (April 2006)
  - Expansion option

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