

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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

Dear Sir/Madam

MALAYSIAN SMELTING/ LOGISTICS HUB AND FINANCING UPDATE

The Board of OM Holdings Limited ("OMH" or "the Company") is pleased to announce the following key developments with regards to the OMH Group's execution plans for its proposed manganese and ferro silicon alloy smelting facility located in the State of Sarawak, Malaysia.

Sarawak Signing Ceremony

Today an official signing ceremony will take place in Kuching, Sarawak, Malaysia to officially acknowledge the exclusive Memorandum of Understanding and indicative term sheet ("MOU") executed and previously announced on 8 March 2011. The parties to the MOU include OM Materials (Sarawak) Sdn Bhd (a wholly owned subsidiary of OMH) and Syarikat SESCO Berhad ("SSB" - a wholly owned subsidiary of Sarawak Energy Bhd), with the MOU covering the supply of electricity to the OMH Group's proposed manganese and ferro silicon alloy smelter to be located in the State of Sarawak, Malaysia, under the Sarawak Corridor of Renewable Energy ("SCORE") initiative. SSB holds the license to generate, transmit and distribute electricity within the State of Sarawak and is in the process of acquiring power from the Bakun Hydro Power Plant, based in Sarawak, Malaysia for the use of SCORE industries and organic growth in Sarawak.

The signing ceremony will be attended by the Right Honourable Pehin Sri Haji Abdul Taib Mahmud, Chief Minister of Sarawak and His Excellency T. Jesudasan, the Singapore High Commissioner to Malaysia, along with representatives of OMH and SSB.

Sarawak Land

On 25 March 2011 the Bintulu Development Authority of Sarawak, Malaysia issued OM Materials (Sarawak) Sdn Bhd ("OM Sarawak") an official letter of offer for approximately 500 acres of land located in the Samalaju Industrial Park of Bintulu, in the State of Sarawak, Malaysia, for the proposed construction and operation of a manganese and ferro silicon alloy smelting facility.

The term of the lease is 60 years. The total consideration for this leasehold land is approximately USD20 million. OM Sarawak will be eligible for a further 25 % discount on the land acquisition price on the basis of being a preferred industry.

Furthermore, a rebate of 50% on the land price could be refundable to OM Sarawak upon construction and full operation of the smelting facility within 5 years from the date of issuance of the land lease, for which the OMH Group expects to qualify for such a concession.

Sarawak Earthworks

OM Sarawak has appointed a local Malaysian engineering consultancy firm as its consultant for the co-ordination of works associated with the clearing and preparation of the above land. The tender documentation for earthworks to prospective local contractors has been despatched during March 2011 and submissions are expected to be received by mid April 2011. Subject to acquiring the relevant land, the contract will be awarded and work on the site is anticipated to commence in mid 2011.

Feasibility Study

The preliminary feasibility study has been completed and the initial results indicate an economically robust, technically credible and environmentally sound development plan for the smelting facility. The bankable feasibility, which is expected to be completed by Q3 2011, is currently being undertaken.

Loan Facility

OM Materials (S) Pte Ltd ("OMS") has executed a Facility Agreement with Standard Chartered Bank ("SCB") to provide a USD45 million term loan for the OMH Group's corporate requirements, including new or additional investments, and/or capex requirements under its existing businesses and interests, including the proposed smelting and sintering plants in Malaysia.

The loan is repayable over 24 equal monthly instalments, and the facility has been guaranteed by an irrevocable and unconditional guarantee from OMH and OM (Manganese) Ltd, a wholly owned subsidiary of OMH.

This facility is in addition to the USD90 million loan from SCB announced in March 2010 applied primarily for acquiring the OMH Group's investment in the Tshipi Manganese Project, located in South Africa. Currently the total loans outstanding to SCB are USD110.8 million (including the above USD45 million). The OMH Group expects the outstanding principal balance on the loans outstanding as at 31 December 2011 to be USD73 million after meeting the scheduled repayments of USD37 million during the remainder of the calendar year (and excluding any additional repayments of funds which may occur during that period).

The Company considers this financing is a further endorsement to its strategy of establishing an integrated low-cost alloy production centre in Malaysia to support the growing Asian steel industry.

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 that its tenement holdings extend over 2,600km².

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 200 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:

- 16% shareholding in **Northern Iron Limited** (ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway;
- 11% shareholding in **Shaw River Resources Limited** (ASX Code: SRR), a company presently exploring for manganese in Western Australia and Ghana; and
- 19% shareholding in **Scandinavian Resources Ltd** (ASX Code: SCR), a company presently exploring for iron ore, manganese, gold and copper in Sweden and Norway.

OMH has also announced plans for a listing on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEx”) to further broaden the Company’s shareholder base internationally and give the Company access to future capital raising opportunities in the growing Asian market to support its longer term growth strategy.