# OM HOLDINGS LIMITED

(ARBN 081 028 337)

No. of Pages Lodged: 40

7 March 2012

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

Dear Sir/Madam

**OMH COMPLETES FUNDING RAISING OF A$29.8 MILLION**

Further to the ASX Announcement released on 29 February 2012 the Board of OM Holdings Limited ("OMH" or "the Company") is pleased to advise of the completion of the issue of the following securities to Hanwa Co., Ltd ("Hanwa") which raised total gross proceeds of approximately A$29.8 million:

- 25,000,000 convertible notes, which raised an aggregate principal amount of US$21,447,261 with the 5.0% convertible notes due on 6 March 2016 and convertible in accordance with the terms and conditions of issue including an initial conversion price of A$0.80 per share; and
- 25,000,000 ordinary shares at an issue price of A$0.3907 per share, which raised gross proceeds of A$9,767,500.

The proceeds of the issuance of the convertible notes and ordinary shares will be used to further finance development at the Sarawak Project in Malaysia and to pay the costs of the issue.

A Cleansing Notice in respect of the convertible notes and ordinary shares which have been issued is attached. In the case of the convertible notes, this Cleansing Notice has been prepared for the purposes of Australian Securities and Investments Commission Class Order [CO 10/322] *On-sale for convertible notes issued to wholesale investors*. In the case of the issue of the ordinary shares, this Cleansing Notice has been prepared in accordance with the requirements of section 708A(5) of the Corporations Act. The Cleansing Notice is important and should be read in its entirety.

An ASX Appendix 3B is also attached.

The Board is pleased to have completed this transaction with Hanwa and looks forward to working with Hanwa as a strategic investor and to ensure full value is extracted from the ultimate development of the world class Sarawak Project.

Yours faithfully
**OM HOLDINGS LIMITED**

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



#08 – 08, Parkway Parade
80 Marine Parade Road, 449269 Singapore
Tel: 65-6346 5515 Fax: 65-6342 2242
Email address: om@ommaterials.com
Website: www.omholdingsltd.com
ASX Code: OMH

***BACKGROUND INFORMATION ON 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 2,400km$^2$.*

*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:*

- *14% 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*
- *8% shareholding in **Shaw River Manganese Limited** (ASX Code: SRR), a company presently exploring for manganese in Namibia, Western Australia and Ghana.*



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# OM Holdings Limited ARBN 081 028 337 Cleansing notice

## Important information

**About this document – cleansing notice under CO 10/322 and section 708A(5)**

On 29 February 2012, OM Holdings Limited (ARBN 081 028 337) ("Company", "Issuer" or "OMH") announced it and Hanwa Co., Ltd ("Hanwa") had entered into a share subscription agreement under which OMH agreed to issue to Hanwa 25,000,000 fully paid ordinary shares in the Issuer at an issue price of A$0.3907 per share to raise A$9,767,500 ("Share Subscription Agreement") and a convertible note subscription agreement under which OMH agreed to issue to Hanwa 25,000,000 unsecured convertible notes with a face value of A$0.80 per note to raise US$21,447,261 ("Note Subscription Agreement").

This document ("Cleansing Notice") relates to the issue by OMH to Hanwa (being an institutional investor) of the abovementioned fully paid ordinary shares in the Issuer ("Subscription Shares") and the 5.0% convertible notes due on 6 March 2016 ("Notes") convertible at the option of the Holder into fully paid ordinary shares of the Issuer ("Conversion Shares").

This Cleansing Notice is being given to the Australian Securities Exchange ("ASX"), in the case of the Notes, in accordance with requirements of Australian Securities and Investments Commission ("ASIC") Class Order [CO 10/322] *On-sale for convertible notes issued to wholesale investors* ("CO 10/322"), which has been made under section 741(1) of the *Corporations Act 2001* (Cth) (as notionally modified by CO 10/322, the "Corporations Act") and which provides relief so that quoted securities issued on the conversion of convertible notes may be on-sold to retail investors if a cleansing notice containing prospectus-like disclosure is released in connection with the issue of the convertible notes to institutional investors. This Cleansing Notice is also being given to ASX, in the case of the Subscription Shares, in accordance with the requirements of section 708A(5) of the Corporations Act, which provides that newly issued quoted securities may be on-sold to retail investors if a cleansing notice containing certain required disclosures is released in connection with the issue of the quoted securities. The Notes and Subscription Shares were issued to Hanwa, an institutional investor who resides, and received the offers of these securities, outside Australia.

Neither this Cleansing Notice nor any other disclosure document in relation to the Notes or Subscription Shares has been or will be lodged with ASIC and is not, and does not purport to be, a document containing disclosure to investors for the purposes of Part 6D.2 of the Corporations Act. It is not intended to be used in connection with any offer for which such disclosure is required and does not contain all the information that would be required by those provisions if they applied. The Issuer is not licensed to provide financial product advice in respect of the Notes or the Subscription Shares. Cooling-off rights do not apply to the subscription of the Notes or the Subscription Shares.

A person may not make or invite an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this Cleansing Notice or any other offering material or advertisement relating to the Notes in Australia unless the offer or invitation does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act, and such action complies with all applicable laws, regulations and directives.

None of ASIC, the ASX nor their respective officers take any responsibility for the contents of this Cleansing Notice or the merits of the investment to which this Cleansing Notice relates. The fact that ASX has quoted fully paid ordinary shares in OMH ("Shares") and may in the future quote the Conversion Shares is not to be taken in any way as an indication of the merits of any Shares (including the Subscription Shares and Conversion Shares), the Notes or the Company.

This Cleansing Notice should be read in its entirety. It contains general information only and does not take into account specific objectives, financial situations, risk tolerance or needs.

**No offer**

This Cleansing Notice does not constitute an offer or invitation to subscribe for or purchase any Notes or Subscription Shares and is not intended to be used in connection with any such offer or invitation.

**No guarantee and no representations or warranties**

None of the Company, any subsidiary of it (the Company and its subsidiaries as a whole, the "Group"), or their respective associates or Directors guarantees the repayment of capital or any particular rate of capital or income return in respect of the Notes or Subscription Shares. Investment-type products are subject to investment risks, including possible loss of income and capital invested.

The information in this Cleansing Notice is subject to change without notice and does not purport to be complete or comprehensive. It does not purport to summarise all information that an investor should consider when making an investment decision in relation to the Notes or any Subscription Shares. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements given to ASX, which are available at www.asx.com.au.

The information in this Cleansing Notice has been obtained from or based on sources believed to be reliable by the Company. To the maximum extent permitted by law, the Company, its affiliates, officers, employees, agents and advisors do not make any warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this Cleansing Notice and disclaim all responsibility and liability for the information (including, without limitation, liability for negligence).

In addition, neither the delivery of this Cleansing Notice nor any offering, sale or delivery of any Note or Subscription Share shall in any circumstances create any implications that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Group since the date of this Cleansing Notice.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as expressly contained in this Cleansing Notice or, after the date of this Cleansing Notice, as expressly approved in writing by the Issuer. Any such representation or information should not be relied upon as having been authorised by any person other than the Issuer.

This Cleansing Notice is not intended to provide the basis of any credit or other evaluation and nor should it be considered as a recommendation by the Issuer that any recipient of this Cleansing Notice should purchase any Note or Subscription Share. Each potential purchaser of Notes or Subscription Shares should determine for itself the relevance of the information contained in this Cleansing Notice and its purchase of Notes or Subscription Shares should be based upon such investigations as it deems necessary.

**Restrictions in certain jurisdictions**

The distribution of this Cleansing Notice and the offering, sale and delivery of Notes and Subscription Shares in certain jurisdictions may be restricted by law. Persons into whose possession this Cleansing Notice comes are required to inform themselves about and to observe any such restrictions.

**Financial information**

All financial information in this Cleansing Notice is in Australian dollars and is based upon the Company's unaudited consolidated financial position as at 31 December 2011, unless otherwise stated.

In this Cleansing Notice, unless otherwise specified, references to "US$", "USD" and "US dollars" are to the currency of the United States and references to "A$", "AUD" and "Australian dollars" are to the currency of the Commonwealth of Australia.

**Risk factors**

Prospective purchasers of the Notes or Subscription Shares should carefully consider the risks and uncertainties described or referred to in this Cleansing Notice. An investment in the Notes should be considered speculative due to various factors, including the nature of the Company's business. See "Cautionary Statement Regarding Forward-Looking Statements" (below) and the "Risk Factors" outlined in Section 5 below.

**Cautionary statement regarding forward-looking statements**

This document contains forward-looking statements concerning anticipated developments in the Company's operations in future periods, planned exploration and development activities, the adequacy of the Company's financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "targeted", "plans", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. Information concerning the interpretation of mineral resource estimates also may be deemed to be forward-looking statements, as such information constitutes a prediction of what mineralisation might be found to be present if and when a project is actually developed.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in Section 5 of this document. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and, except as required by law, the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

# Cleansing notice

## 1. Introduction

On 28 February 2012, the Company entered into the Note Subscription Agreement with Hanwa. Under the Note Subscription Agreement, the Company agreed to issue, and Hanwa agreed to subscribe for, the Notes, being US$21,447,261 aggregate principal amount of 5.0% convertible notes due on 6 March 2016, convertible in accordance with the Terms into Conversion Shares. The Notes were issued on the date of this Cleansing Notice.

Also on 28 February 2012, the Company entered into the Share Subscription Agreement with Hanwa. Under the Share Subscription Agreement, the Company agreed to issue, and Hanwa agreed to subscribe for, the Subscription Shares, being 25 million Shares, at an issue price of A$0.3907 per Share, being the average of the volume weighted average price on each Trading Day between 7 February 2012 to 27 February 2012 plus a premium of 10%, for gross proceeds of A$9,767,500. The Subscription Shares were issued on the date of this Cleansing Notice.

The aggregate gross proceeds of the securities issued under the Note Subscription Agreement and the Share Subscription Agreement were approximately A$29.8 million (with the proceeds of the issuance of the Notes being translated into Australian dollars at the average USD:AUD exchange rate between 7 February 2012 and 27 February 2012), and will be used by the Company to, among other things, further finance development at the Sarawak Project, as outlined in this Cleansing Notice.

## 2. Investment overview

| Topic | Summary | For more information |
|---|---|---|
| **Who is the Issuer of the Notes?** | OM Holdings Limited (ARBN 081 028 337). | Section 3 |
| **What is OMH's business?** | The Group's three core operating businesses are the exploration and mining of manganese ore, the production of manganese ferro-alloys and sinter ore and, the marketing and trading of manganese, iron and chrome ores and ferro-alloys. | Section 3 |
| **What is the issue of the Notes?** | The Company issued the Notes, being 5.0% convertible notes due on 6 March 2016, to Hanwa which raised gross proceeds of approximately US$21.45 million.<br><br>The Notes are convertible, at any time at the option of the Holder, in accordance with the Terms, into Conversion Shares. The number of Conversion Shares into which the Notes convert is calculated by dividing the outstanding principal amount of the Notes being converted by the Conversion Price. The Conversion Price is initially A$0.80 (with translations between USD and AUD occurring at the exchange rate agreed between the parties, being USD1:AUD0.93252 ("Conversion Exchange Rate")). The Conversion Price is subject to adjustment in | Sections 4 and 6.1 |

| Topic | Summary | For more information |
|---|---|---|
| | accordance with the Terms. | |
| **What is the issue of the Subscription Shares?** | The Company issued 25 million Subscription Shares, at an issue price of A$0.3907 per Share, to Hanwa which raised gross proceeds of approximately A$9.77 million. | Section 4 |
| **What will the proceeds of the issue of the Notes and the Subscription Shares be used for?** | The proceeds of the issuance of the Notes, along with the proceeds of the issuance of the Subscription Shares will be used to further finance development at the Sarawak Project and to pay the costs of the issue of the Notes and the Subscription Shares. | Section 4.1 |
| **Who is Hanwa and what is OMH's relationship with it?** | Hanwa is a Japan-based international trading company with operations specialising in the marketing and distribution of steelmaking ferro-alloys including manganese, silicon and chromium, as well as steel products and non-ferrous metals. Hanwa was founded in 1947 and is headquartered in Tokyo, Japan. Hanwa is listed on both the Tokyo Stock Exchange and the Osaka Securities Exchange and has a market capitalisation of approximately A$1 billion as at the date of this Cleansing Notice.<br><br>OMH's ongoing relationship with Hanwa is embodied in its holding of the Notes and Subscription Shares as well as a marketing agreement made on 28 February 2012 ("Marketing Agreement") under which the Company's trading subsidiary OM Materials (S) Pte Ltd ("OMS") and Hanwa have agreed to enter into a strategic marketing relationship covering the sale and marketing of 80,000 tonnes of ferro-silicon and 80,000 tonnes of silico-manganese product from the Sarawak Project, part of which is expected to be incorporated into a specific off-take agreement to be finalised between the parties by 30 April 2012.<br><br>The establishment of this highly prospective long-term strategic and marketing relationship with Hanwa represents a major milestone in the evolution of the Company's shareholder base. This transaction acknowledges the potential for significant shareholder value creation through focused downstream integration and geographic diversification, in line with the dynamic transformation of the global manganese and steelmaking ferro-alloy industries. | Section 7.5 |
| **What are the key terms of the Notes?** | **Number of Notes** 25,000,000.<br><br>**Face value** A$0.80 per Note. | Section 6.1 |

| Topic | Summary | | For more information |
|---|---|---|---|
| | **Amount raised** | US$21,447,261 (being the minimum and maximum subscription amount). | |
| | **Issue price** | 100% of the principal amount. | |
| | **Maturity** | 6 March 2016. | |
| | **Interest rate and payment** | 5.0% per annum, payable annually in arrears. | |
| | **Ranking** | Direct, unsubordinated, unconditional and unsecured obligations of the Company. | |
| | **Conversion** | At any time at the option of the Holder, into Conversion Shares at the Conversion Price, initially A$0.80 (with currency translations occurring at the Conversion Exchange Rate). | |
| | **Conversion Shares** | Fully paid ordinary shares in the Issuer. | |
| | **Redemption** | At any time after 7 March 2014, at the option of the Company for the redemption price of 115% of the face value of the Notes redeemed ("Redemption Price"). | |
| | **Listing** | Notes are unlisted; Conversion Shares to be quoted on ASX under the ASX code 'OMH'. | |
| **What are the key risks associated with the Notes, Shares and the Company?** | Investments in the Notes, Shares or Company are subject to risks. The key risks relating to the Company include that:<br>• the results of the Group's operations are vulnerable to any significant downturn in the global steel manufacturing industry;<br>• the Company is heavily reliant on the prevailing global price of manganese and ferro-manganese intermediate products which are volatile and driven by exogenous supply and demand factors;<br>• volatility in foreign exchange rates may have an adverse effect on the Group's results of operations, profitability and cash flows;<br>• current and targeted production levels and exploration potential of the Bootu Creek Manganese Mine in Australia and the Tshipi | | Section 5 |

| Topic | Summary | For more information |
|---|---|---|
| | manganese project currently being developed in South Africa may not be maintained or perform as expected;<br>• the anticipated tonnages and grade of manganese ore may not be achieved during production or the budgeted level of recovery may not be realised;<br>• there are logistics risks associated with the Group's operations including satisfactory access and use of roads, rail lines, trucks, trains, and port facilities impacting the Australian, South African and Malaysian operations;<br>• the Sarawak Project may be delayed or even be unsuccessful for many reasons, including unanticipated financial, operational or political events, cost overruns or other circumstances which may result in the project's delay, suspension or termination;<br>• the Group has entered into a number of "take or pay" contracts with other parties that oblige it to pay for an agreed amount of goods or services whether the Group uses them or not;<br>• the Sarawak Project requires future funding to complete the development and commissioning phase and such future funding continues to be the subject of evaluation and assessment and is not certain;<br>• the Group's operations are affected by national and local environmental laws and regulations in each of the countries in which the Group operates;<br>• the Group is subject to political, economic and other uncertainties in which it operates or has interests in; and<br>• the Group relies on the support of its external debt financiers including the requirement to adhere to financing agreements and obligations. | |

# 3. Company overview

**The Group**

OMH listed on 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 Group has a long established history of more than 14 years in exploration success, project development and market penetration. OMH is a constituent of the S&P/ASX 300 index.

With integrated operations comprising exploration, mining, processing, smelting, sintering and marketing and trading, the Group is able to capture value and margins along the entire value chain by optimising raw materials sourcing, production processes and product mix design. The Group's three core operating businesses are the exploration and mining of manganese ore, the production of manganese ferro-alloys and sinter ore and, the marketing and trading of manganese, iron and chrome ores and ferro-alloys. The Group also holds a 26% investment in Ntsimbintle Mining (Proprietary) Ltd, which holds a 50.1% interest in the world class Tshipi manganese project in South Africa which is due to commence production during the quarter ending 31 December 2012.

The Group also has strategic investments in other mineral companies, which further expands the Group's geographic horizon to meet potential business development needs.

**Bootu Creek Manganese Mine**

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

The Bootu Creek Manganese Mine has the capacity to produce 1,000,000 tonnes of manganese product annually and has further exploration potential given that its tenement holdings extend over 2,400km$^2$.

**Marketing, logistics and trading**

Product from the Bootu Creek Manganese Mine is exclusively marketed by the Group's own marketing and trading division with a proportion of the product consumed by the Company'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 the Bootu Creek Manganese Mine has strengthened OMH's position in this market.

The Group's marketing and trading operations also extend to the marketing and trading of third party manganese, chrome and iron ore products to end users as well as to trading activities undertaken as part of the Group's southern and northern China's stockpile distribution strategies.

**Sarawak Project**

The Sarawak Project, which represents the next major step in OMH's development as a world class lowest-quartile cost producer of ferro-alloys, notably ferro-silicon and silico-manganese, entails the development of a greenfield manganese and ferro-silicon alloy smelter with an annual production capacity of 600,000 tonnes in the Samalaju Industrial Park, Sarawak, Malaysia.

As previously announced to ASX, the Sarawak Project is 80% owned by the Group, with a 20% strategic equity investment recently concluded with Samalaju Industries Sdn Bhd ("SISB"), a wholly-owned subsidiary of Cahya Mata Sarawak Berhad, a listed industrial conglomerate on the Main Market of the Malaysian Stock Exchange, Bursa Malaysia.

The dynamic transformation of the global and Chinese export ferro-alloy industry driven by the cost and availability of energy, the development and commissioning of the Bakun Hydroelectric Dam and Malaysia's Sarawak Corridor of Renewable Energy initiative represents an attractive opportunity for the Company to establish one of the world's lowest cost and strategically located greenfield ferro-alloy plants with considerable competitive advantages.

The Sarawak Project's competitive advantages include, but are not limited to, access to 500 megawatts of competitively priced long term hydroelectric power supply, coastal industrial land with direct access to a dedicated future port facility, geographical proximity to both captive and contracted raw materials and major Asian steel markets, tax incentives, lack of import and/or export duties as well as extensive purpose built industrial infrastructure.

Commercial production of the Sarawak Project is expected to be executed on a phased ramp-up basis. Production is expected to commence no later than 31 March 2014 with full commercial capacity scheduled expected to be reached no later than 30 June 2015.

**Investments**

OMH also holds the following strategic shareholding interests in ASX listed entities:

- 14% 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
- 8% shareholding in Shaw River Manganese Limited (ASX Code: SRR), a company presently exploring for manganese in Namibia, Western Australia and Ghana.

# 4. Effect of the issue on the Company

## 4.1 Use of proceeds

The proceeds of the issuance of the Notes and the Subscription Shares will be used to further finance development at the Sarawak Project and to pay the costs of the issue of the Notes and the Subscription Shares, as demonstrated in the following 'Sources and Uses' table:

| Sources (A$ millions) | | Uses (A$ millions) | |
|---|---|---|---|
| Issue of Notes* | 20.0 | Sarawak Project funding | 29.1 |
| Issue of Subscription Shares | 9.8 | Costs of issue | 0.7 |
| **Total** | **29.8** | **Total** | **29.8** |

* This amount is the Australian dollar equivalent of the aggregate principal amount of the Notes, being US$21,447,261, at the Conversion Exchange Rate.

The proceeds to be applied in respect of the development of the Sarawak Project will be used progressively while the project financing is concluded which is expected to occur by 30 June 2012.

As previously announced on 8 November 2011, the total capital cost of the Sarawak Project is estimated to be USD 502 million, which is expected to be funded by way of 70% project financing and 30% equity. The equity portion will be shared in the shareholding proportion between the Company (80%) and SISB (20%).

## 4.2 Historical and pro forma financial position

Set out below is the Company's consolidated:

- historical statement of financial position as at 31 December 2011 (unaudited); and
- pro forma statement of financial position as at 31 December 2011 (unaudited), giving effect to the certain transactions as though they had occurred as at 31 December 2011 ("Pro Forma Balance Sheet"),

(together, the "Financial Information").

The Financial Information has been prepared in accordance with the accounting policies set out in OMH's 2010 Annual Report ("Annual Report"), unless otherwise disclosed due to a change to accounting policies since that date. The Financial Information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an Annual Report prepared in accordance with the applicable accounting standards and therefore cannot be expected to provide as full an understanding of the financial position of the Company as a statement of financial position in an Annual Report.

The Financial Information as at 31 December 2011 has been derived from OMH's preliminary final report (ASX Appendix 4E) released to ASX on 23 February 2012. The Company’s 31 December 2011 financial statements are in the process of being audited.

The Pro Forma Balance Sheet has not been audited, has been prepared for illustrative purposes only and gives effect to the following transactions as if they had occurred on 31 December 2011:

- the issuance of the Notes and the application of the proceeds of that issuance (translated into Australian dollars at the exchange rate on 31 December 2011) in the manner described in this Cleansing Notice;
- the issuance of the Subscription Shares and the application of the proceeds of that issuance in the manner described in this Cleansing Notice; and
- the issuance of Shares in a placement which comprised 75 million Shares and was completed on 24 February 2012 following Shareholder approval obtained on 21 February 2012 with the application of the proceeds of that issuance in the manner described in the Company's ASX announcement made on 23 January 2012.

The Pro Forma Balance Sheet is not intended to be a statement of the Company's current financial position.

## Unaudited consolidated historical statement of financial position and Pro Forma Balance Sheet as at 31 December 2011

| | Historical Year ended 31 December 2011* A$'000 | Adjustments** A$'000 | Pro Forma Year ended 31 December 2011 A$'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash (including cash collateral of A$14,269,000) | 31,880 | 55,719 | 87,599 |
| Receivables | 89,767 | | 89,767 |
| Investments | 38,571 | | 38,571 |
| Inventories | 158,106 | | 158,106 |
| **Total current assets** | **318,324** | 55,719 | 374,043 |
| **Non-current assets** | | | |
| Associate | 79,661 | | 79,661 |
| Mine development costs | 19,030 | | 19,030 |
| Other property, plant and equipment (net) | 123,543 | | 123,543 |
| Deferred tax asset | 9,714 | | 9,714 |
| Prepaid lease payment on land use rights | 1,290 | | 1,290 |
| Intangibles (net) | 2,065 | | 2,065 |
| **Total non-current assets** | **235,303** | | 235,303 |
| **Total assets** | **553,627** | 55,719 | 609,346 |
| **Current liabilities** | | | |
| Payables | 120,250 | | 120,250 |
| Derivative financial liabilities | 8 | | 8 |
| Interest-bearing liabilities – borrowings | 106,189 | | 106,189 |
| Tax liabilities | 3,018 | | 3,018 |
| **Total current liabilities** | **229,465** | | 229,465 |
| **Non-current liabilities** | | | |
| Interest-bearing liabilities – borrowings | 61,318 | 17,738 | 79,056 |
| Long-term provision | 4,871 | | 4,871 |
| **Total non-current liabilities** | **66,189** | 17,738 | 83,927 |
| **Total liabilities** | **295,654** | 17,738 | 313,392 |
| **Net assets** | **257,973** | 37,981 | 295,954 |
| **Equity** | | | |
| Capital/contributed equity | 142,847 | 5,000 | 147,847 |
| Reserves | 109,932 | 32,981 | 142,913 |
| **Equity attributable to members of the parent entity** | **252,779** | 37,981 | 290,760 |
| Outside +equity interests in controlled entities | 5,194 | | 5,194 |
| **Total equity** | **257,973** | 37,981 | 295,954 |

* The 31 December 2011 financial statements are in the process of being audited.

** The proceeds of the issuance of the Notes, which was received in US dollars, have been translated into Australian dollars at the 31 December 2011 rate of USD1:AUD0.9827.

## 4.3 Capital structure

The current issued capital of Company (before and after the issue of the Notes and Subscription Shares) is set out below.

| Security | Number on issue before the issuances | Number on issue after the issuances |
|---|---|---|
| Ordinary shares | 579,105,150 | 604,105,150*† |
| Options†† | 21,000,000 | 21,000,000 |
| Convertible notes | – | 25,000,000 |

* Other than the Subscription Shares, no new Shares were issued to Hanwa on the issue date of the Notes. The exact number of Conversion Shares to be issued is not currently known as the number of new Shares to be issued to Hanwa will depend on whether the Notes are converted in whole or in part and the applicable Conversion Price at the date of conversion.

† Includes the Subscription Shares.

†† The unlisted options consistent of a number of different tranches with varying exercise prices and expiry dates.

By way of example only, if the Notes are converted in whole and the Terms have not required an adjustment to the Conversion Price, 25,000,000 Conversion Shares would be issued to the Holder, in addition to the 25,000,000 Subscription Shares.

Based on the number of Shares on issue at the date of this Cleansing Notice (including the Subscription Shares) and assuming that Hanwa has not transferred either any of the Notes or any of the Subscription Shares, as set out in the table below, the issue of 25,000,000 Conversion Shares to Hanwa would give it a relevant interest (as defined in the Bye-laws) of approximately 8% of the expanded total number of Shares (assuming that none of OMH's options on issue prior to the issue of the Notes are exercised and that no further Shares are issued).

| Shareholder | Number of Shares | Percentage of total Shares on issue |
|---|---|---|
| Shareholders (other than Hanwa) | 579,105,150 | 92 |
| Hanwa | 50,000,000 | 8 |

It is, however, important to note that this is an illustration only based on full conversion of the Notes and the initial Conversion Price. The actual outcome, if Hanwa converts the Notes in whole or in part, will depend on the size of conversion and the Conversion Price. It should be noted that for every 1% increase (decrease) in the Conversion Price, the number of Conversion Shares decreases (increases) by approximately 1% (1%).

## 4.4 Other effects of the issuance of the Notes and Conversion Shares

OMH considers that the issuance of the Notes is in the best interests of the Company. The proceeds of the issuance will, in part, further fund the development of the Sarawak Project, which represents the next major step in OMH's development as a world class lowest-quartile cost producer of ferro-alloys, notably ferro-silicon and silico-manganese.

OMH considers that the benefits of the issuance of the Notes include the following:

- the cost of funds raised by the Company is reasonable in the current market; and
- OMH will not be required to give security to secure the repayment of monies advanced under the Notes.

In addition to the effects detailed elsewhere in this Cleansing Notice, the effects of the issuance of the Notes, Subscription Shares and Conversion Shares will be to:

- increase the Company's consolidated cash reserves by A$29.1 million (after deducting the costs of the issuance of the Notes and Subscription Shares) immediately upon the Notes being issued;

- result in the Company assuming a liability for the proceeds received from Hanwa for payment of the purchase price of the Notes less any amount which has been the subject of a conversion into Conversion Shares;
- give rise to an obligation on the Company to pay interest on the outstanding aggregate principal amount of the Notes to the Holders at the rate of 5.0% per annum annually in arrears;
- if the Notes are converted, either in whole or in part, increase the number of Shares on issue as a consequence of the issue of the Conversion Shares, as described in Section 4.3 above; and
- unless subsequently ratified by the Shareholders in a general meeting, limit the number of equity or convertible securities that the Company can issue in the 12 months following the issuance without Shareholder approval under ASX Listing Rule 7.1 (see Section 7.7 below for further details).

# 5. Risk factors

There are a numerous risks associated with investing in any form of business enterprise and with investing in securities generally. There are also numerous risks, both general and specific, which relate to the Company's businesses and an investment in the Notes or the Shares. Many of these risks are outside the control of the Company and its Directors because of the nature and location of the Company's existing and proposed business activities.

**The risks described below do not necessarily comprise all of those faced by the Company and/or the Group and are not presented in order of importance**.

## 5.1 Risks related to the Notes

**Other indebtedness**

The Notes rank equally in right of repayment of principal and interest with all other existing and future unsecured and unsubordinated obligations of the Group except for such obligations that may be preferred by provisions of law that are mandatory and of general application. To the extent that the Company incurs any future secured indebtedness, the Notes will effectively rank behind those obligations to the extent of the assets serving as security for that secured indebtedness. To the extent that assets of the Group are owned by subsidiaries and not by the Company, the ability of the holder of the Notes to have recourse to those assets may also rank effectively behind all obligations incurred by those subsidiaries.

**Absence of covenant protection**

Neither the Terms nor the Notes Subscription Agreement limit the Group's ability to incur additional debt or liabilities (including secured indebtedness). Nor do they contain any provisions specifically intended to protect the Holder in the event of a future leveraged transaction by the Company. In addition, certain subsidiaries of the Company may have outstanding indebtedness, including project financing indebtedness and may in the future incur further indebtedness. The Company has and may in the future provide guarantees and/or indemnities in respect of such indebtedness.

**Change of law**

The Terms are based on Singaporean law in effect as at the date of this Cleansing Notice. No assurance can be given as to the impact of any possible judicial decision or change to Singaporean law or its administration after the date of this Cleansing Notice.

**Limitation in ability to redeem the Notes**

The Company must redeem the Notes on the Maturity Date, or at the request of the Holder on the occurrence of an event of default. The Company gives no assurance that, if required, it would have sufficient cash or other financial resources at any such time or would be able to arrange financing to redeem the Notes in cash.

**Exchange rate risk**

The Company will repay the principal and interest on the Notes in US dollars. This presents exchange rate risk if the recipient of such principal and interest has its financial obligations denominated in a currency other than US dollars. These include the risk that exchange rates may significantly change in a manner which adversely affects the Holder or the Company. The Holder may be impacted by depreciation of the US dollar against the recipient's functional currency while the Company would be impacted by depreciation of the Australian dollar (its functional currency) against the US dollar.

In addition, if any of the Notes are converted, they will convert into Australian dollar denominated Conversion Shares at the fixed Conversion Exchange Rate. There is a risk that either the Holder or the Company will not benefit from what would have been, in the absence of a fixed exchange rate, favourable movements in the USD:AUD exchange rate. For example, in the case of the Company, an increase in the value of the AUD versus the USD at the time of conversion would be, in the absence of a fixed exchange rate, be obliged to issue a lower number of Conversion Shares.

**Interest rate risk**

An investment in a fixed rate instrument (such as the Notes) involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate instrument.

## 5.2 Risks relating to the Company's businesses

The following summary, which does not purport to be exhaustive, represents some of the more general risk factors facing the Company (including the Group).

**Dependence on manganese and ferro-alloy prices**

Given the Company's vertically integrated business model, which primarily focuses on exploration, mining, sintering, smelting and marketing/trading (including via direct investments or joint ventures in manganese assets of varying degrees of maturity) of manganese and manganese products, the Company's operating and financial performance is heavily reliant on the prevailing global price of manganese and ferro-manganese intermediate products. Volatility in global manganese and ferro-alloy markets may therefore materially affect the Company's profitability and financial performance and the price of its Shares. In addition, any sustained low manganese price will adversely affect the Company's businesses, financial results, and its ability to finance its development projects (such as its interest in the Sarawak Project), its investment projects (such as its investment in the Tshipi manganese project in South Africa, with the remaining investment commitment expected to be financed via Group operating cash flows) or its planned capital expenditure commitments (in the ordinary course of the Group's operations).

The factors which affect the price of manganese ore and ferro-manganese intermediate products are largely outside of the control of the Company and its Directors and include, but are not limited to: manganese supply and stockpiles; demand for manganese and ferro-manganese intermediate products; the velocity and intensity of global steel manufacturing (and particularly, Chinese steel manufacturing); political developments in manganese producing countries; the weather in manganese producing regions; and the price and availability of manganese substitutes. Given this complex array of factors which contributes to the price of manganese and ferro-manganese intermediate products, it is particularly difficult for the Company to predict with any certainty the prevailing price for manganese products.

**Production risks**

Current production levels and stated production targets from, and exploration and exploration potential of, the Bootu Creek Manganese Mine may not be maintained or perform as expected. There is also the potential for delay in the achievement of targeted production levels and/or a failure to achieve the level of exploration success that is required to maintain current output or achieve future expected production levels. In addition to potential delays, there is a risk that capital requirements and/or operating costs will be higher than expected or there will be other unexpected changes in the variables upon which production decisions are made. The Company's activities at its Bootu Creek Manganese Mine and the Tshipi manganese project under development may also be affected by numerous other factors entirely beyond the Company's control. Mechanical failure of the Company's operating plant or equipment, and other unanticipated technical or operational difficulties (including failure or damage caused by adverse weather conditions such as flooding), may adversely affect the Company's operational and financial performance. In extreme circumstances, these potential risks or difficulties may necessitate additional funding requirements which could lead to additional debt or equity raisings being conducted by the Company.

**Nature of manganese exploration and production**

Manganese exploration and production involves risks, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. The Company's mining operations are subject to hazards normally encountered with exploration and production enterprises and include, but are not limited to: unexpected or disappointing geological conditions or exploration results, hazards to employees and other incidents which could result in damage to plant or equipment or personal injuries, in each case which may cause a material adverse impact on the Company's operations and financial results.

**Mineral resources and ore reserves**

No assurance can be given that the anticipated tonnages and grade of manganese ore will be achieved during production or that the indicated level of recovery will be realised. Material price fluctuations, as well as increased production costs or reduced recovery rates, may render ore reserves containing relatively lower grades uneconomic and may ultimately result in a restatement of such ore reserves. Moreover, short-term operating factors relating to ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore types or grades may cause a mining operation to be unprofitable in any particular accounting period.

**Transportation of manganese ore**

The manganese product produced at the Bootu Creek Manganese Mine is required to be bulk transported by truck, rail and sea to both end users and the Company's sintering and smelting operations in the People's Republic of China (and in future to its Sarawak smelting facility in Malaysia). There are risks associated with each stage of this bulk transportation process including the condition and maintenance of roads, trucks, rail lines, trains, and port facilities. Given the remoteness of the Bootu Creek Manganese Mine site and the vast distances that the Company's product travels in order to be delivered to either the Company's intermediate processing facilities or end users as the case may be, there is a risk of accidents, unexpected transportation and fuel costs and unexpected delays that could each singly or collectively negatively impact upon the Company's financial performance and condition.

**Development project risks**

The Company is presently investing a significant amount of capital on its Sarawak Project. This investment exposes the Company to a number of project-specific risk factors which are not present in its more mature operations. Accordingly, and as with any pre-revenue development project, the Sarawak Project may be delayed or even unsuccessful for many reasons, including unanticipated financial, operational or political events, cost overruns, a decline in prices or demand for processed manganese products, equipment and labour shortages, technical and engineering concerns, environmental issues, increased operating cost structures, community or industrial actions or other circumstances which may result in the project's delay, suspension or termination. Any of these risks may also necessitate increased funding requirements which could lead to additional equity or debt issuances being conducted by the Company.

Separately, there can be no certainty that the Company's operating cash flows will be sufficient to finance the Company's investment commitment to the Tshipi manganese project in South Africa. Any inability by the Company to finance its commitment to the Tshipi manganese project via operating cash flows may necessitate additional funding requirements which could lead to additional equity or debt issuances being required by the Company.

**Construction and other operational risks**

While the current cost estimates of the development activities at the Sarawak Project are the best estimates currently available, there is no guarantee that actual costs will equal the Company's currently anticipated development costs. In addition, industrial and labour disputes, work stoppages and accidents, logistical and engineering difficulties with the Sarawak Project may also have an adverse effect on the Company's profitability and share price. The Sarawak Project is also reliant upon the construction of a suitable port and related infrastructure in close proximity to the Sarawak Project both of which are not under the control of the Company and are currently being developed.

**Funding and indebtedness**

The Company's continued ability to operate its business and effectively implement its business plan over time will depend in part on its ability to raise additional funds for future operations and to repay or refinance debts as they fall due. For example, the Sarawak Project requires future funding to complete the development and commissioning phase and such future funding continues to be the subject of evaluation and assessment and is not certain. Equity or debt funding may not be available to the Company on favourable terms or at all. If adequate funds are not available in the future on acceptable terms, the Company may not be able to continue its business or particular developments, take advantage of opportunities, develop new ideas or respond to competitive pressures.

As the Group has existing external borrowings, there is a risk that it may not be able to service its debt obligations. The Company is also exposed to risks relating to the covenants in, and the refinancing of, those existing external borrowings. Factors such as a deterioration in the Group’s financial performance, falls in manganese prices and adverse changes in the Australian dollar could lead to the Company not being able to service its debts or breaching its covenants. In such circumstances, lenders may require that loans be repaid immediately. If this occurs, the Company may need to refinance at a higher cost of borrowing or on more restrictive terms (if refinancing is available at all). If the Company's existing external borrowings are not able to be refinanced and are required to be repaid, it is possible that the Company will need to realise assets for less than their fair value, which could impact the Company's future cash flows and financial condition. If the amounts cannot be repaid, secured financiers could proceed against the security granted to them to secure debt owed. Changes in the availability and cost of debt will impact the Company's earnings and may impact on financial performance and the ability to conduct its operations.

**Sintering and smelting operations**

The Company’s Qinzhou manganese sinter plant and alloy smelter operations are particularly vulnerable to power and energy disruptions which impair the plant’s productive capacity and output performance and ultimately the Company’s profitability and financial condition. Other factors, including the price of manganese, the demand for steel, the availability and price of manganese substitutes, cost overruns, a decline in prices and demand for processed manganese products, equipment and labour shortages, technical and engineering concerns, environmental issues, increased operating cost structures, community or industrial actions or other circumstances could impair the plant’s productivity or economic performance. Any of these risks may necessitate additional funding requirements which could lead to additional equity or debt issuances.

**Environmental risks**

The Company's activities are subject to extensive laws and regulations controlling not only the exploration for and mining of manganese ores and its subsequent transportation and sintering and smelting but also the possible effects of such activities upon the environment and local communities. In the context of obtaining environmental permits (which includes the Sarawak Project), the Company must comply with all known standards, existing laws, and regulations which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how vigorously the regulations are administered by the local permitting authorities.

**Labour market risk**

As the Company's businesses grows, it may require additional key personnel or operational staff. Given in certain cases the remote location of the projects, the lack of infrastructure in the nearby surrounding areas, and the shortage of a readily available labour force, the Company may experience difficulties in retaining the requisite skilled employees in the region. A limited supply of skilled workers could lead to an increase in labour costs of the Company being unable to attract and retain the employees it needs. When new workers are hired, it may take a considerable period of training and time before they are equipped with the requisite skills to work effectively and safely. Failure to retain without appropriate replacement or to attract employees with the right skills for the Company's business could have a material adverse effect on the Company's business.

**Currency and exchange rate risk**

As the Company's activities produce revenues and incur expenses in a variety of different currencies its profitability, financial performance and position are impacted by fluctuations in exchange rates. Accordingly, the Company is exposed to exchange rate risk which may materially affect its financial performance.

**Counterparty risk**

As part of the Company's ongoing commercial activities, the Company enters into sales, supply and other contracts with various third parties for the delivery of manganese ores and ferro-manganese intermediate products and for the provision of inputs (including electricity and energy) into the sintering and smelting of manganese ore products. The ability of counterparties to meet their commitments under such commercial arrangements, may impact on the Company's financial and operational performance.

The Group has entered into a number of "take or pay" contracts with other parties that oblige it to pay for an agreed amount of goods or services whether the relevant entity uses them or not. This includes a recently executed Power Purchase Agreement for the Sarawak Project which was announced on 2 February 2012. Under the Power Purchase Agreement, the Sarawak Project will have access to a competitively priced reliable power supply of 500 megawatts for an initial 20-year period with a fixed annual price escalation rate, which will underpin the project within the lowest quartile production of 300,000 tonnes of manganese ferro-alloys and 300,000 tonnes of ferro-silicon alloys.

**Competition**

The Company's manganese supply contracts and profits may be adversely affected by the introduction of new mining and development facilities and any increase in competition and supply in the global manganese market each of which could lower the price of manganese and ferro-manganese intermediate products.

**Government actions**

The Company's operations could be adversely affected by government actions in Australia, Malaysia, the People's Republic of China, Singapore or South Africa or other countries or jurisdictions in which it has operational exposures or investment interests. These actions include, but are not limited to, the introduction of or amendment to or changes in the interpretation of, legislation, guidelines and regulations in relation to mining and resources exploration and production, taxation, the environment, carbon emissions, competition policy, native title, cultural heritage and so on. Such actions could impact upon land access, the granting of licences and permits, the approval of project developments and ancillary infrastructure requirements and the cost of compliance. The possible extent of the introduction of additional legislation, regulations, guidelines or amendments to existing legislation that might affect the

Company is difficult to predict. Any such government action may require increased expenditure commitments or even additional capital in order to ensure compliance or could delay or even prevent certain operations/activities of the Company. Such action could therefore have a material adverse effect on the Company's financial condition.

**Tax risk**

The Company is subject to taxation and other imposts in Australia, Malaysia, the People's Republic of China, Singapore and South Africa and other jurisdictions in which the Company has activities and investment interests. Future changes in taxation laws in those countries, including changes in the interpretation or application of existing laws by the courts or applicable revenue authorities in those jurisdictions may affect the taxation treatment of the Company's business activities thereby impacting on the Company's financial performance and profitability. In addition to the normal level of income tax imposed on companies in all industries, companies in the resources sector are required to pay government royalties and indirect taxes and other levies. The profitability of companies in this industry can be adversely affected by changes in government taxation and royalty policies or in the interpretation or application of such policies.

**Regulatory risks**

The Company's businesses are subject, in each of the countries in which the Company operates, to various national and local laws and regulations relating to the exploration/development, production, marketing, pricing, transportation and storage of the Company's manganese products. Permits from a variety of regulatory authorities are required for many aspects of mine operation, product transportation and ore processing. A change in the laws which apply to the Company's businesses or the way in which it is regulated could have a material adverse effect on the Company's business and financial position and performance. Other changes in the regulatory landscape may have a material adverse effect on the carrying value of material assets or otherwise have a material adverse effect on the Company's business and financial condition.

**Security of tenure**

The maintaining of tenements, obtaining renewals, or getting tenements or permits granted, often depends on the Company being successful in obtaining statutory approvals for the proposed activity. While the Company anticipates that all regulatory approvals will be given as and when sought, there can be no assurance that such renewals or approvals will be given as a matter of course and there is no assurance that new conditions or unexpected conditions as the case may be will not be imposed.

**Political risk**

The Company's operations could be affected by political instability in Australia, Malaysia, the People's Republic of China, Singapore or South Africa or other countries or jurisdictions in which it has operations or investment interests. The Company is therefore subject to risk that it may not be able to carry out its operations as it intends or to ensure the security of its assets (particularly those located outside of Australia). Given its geographic footprint, the Company is subject to the risk of, among other things, loss of revenue, property and equipment as a result of expropriation, war, insurrection, acts of terrorism and geopolitical uncertainty. The effect of these risks is difficult to predict and any combination of one or other of the above may have a material adverse effect on the Company.

**Legal risk**

The Company may become involved in unforseen litigation and disputes which could have a material adverse effect on the Company, its operations and its financial performance.

**Economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Adverse changes in macroeconomic conditions, including global and country-specific economic growth rates, the cost and availability of credit, the rate of inflation, interest rates, exchange rates, government policy and regulations, general consumption and consumer spending, input costs, employment rates and industrial disruptions, among others, are variables which while generally outside of the control of the Company and its Directors, may result in material adverse impacts on the Company's businesses, financial position and operating results.

# 6. Rights and liabilities attaching to the securities

## 6.1 Notes

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Notes. It should be read in conjunction with, and is qualified in its entirety by, the Terms.

| | |
|---|---|
| **Issuer** | OM Holdings Limited (ARBN 081 028 337). |
| **Notes** | US$21,447,261 aggregate principal amount 5.0% convertible notes due on 6 March 2016. |
| **Issue size** | 25,000,000 Notes, each with a face value of A$0.80 (translated into USD at the Conversion Exchange Rate). |
| **Issue price** | 100% of the principal amount. |
| **Issue date** | 7 March 2012 ("Issue Date"). |
| **Maturity date** | 6 March 2016 ("Maturity Date"). |
| **Interest** | The Notes bear interest at the rate of 5% per annum, with interest payments made annually by the Company and in arrears on each anniversary of the Issue Date.<br><br>Where a Note is converted or redeemed prior to the Maturity Date, the Company will, at that time, pay Hanwa a pro-rata proportion of the interest payment. |
| **Guarantors** | The Notes are not guaranteed. |
| **Ranking** | The Notes constitute direct, unsubordinated, unconditional and unsecured obligations of the Company, ranking *pari passu* and rateably without any preference or priority among themselves, and, except as otherwise provided under any applicable laws or regulations, rank at least equally with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Company. |
| **Conversion** | Each Note is, at the election of Hanwa, and at any time after the Issue Date and until 1 week prior to the Maturity Date ("Conversion Period"), convertible into Conversion Shares.<br><br>The number of Conversion Shares will be determined by dividing the aggregate principal amount for the Notes for which conversion is sought by the Conversion Price (translated into USD at Conversion Exchange Rate). |
| **Adjustment of Conversion Price** | The Conversion Price will be subject to adjustment in the following circumstances:<br><br>• when there is a free distribution, bonus issue, division, |

consolidation and re-classification in relation to the Shares;

- if the Company conducts a rights or warrants issue entitling existing Shareholders to subscribe for new Shares in the Company at a price which is less than the market price for Shares on the record date (for that rights or warrants issue);
- if the Company conducts a rights or warrants issue entitling existing Shareholders to subscribe for convertible securities (which convert into Shares) and the conversion price for those convertible securities is less than 95% of the market price for Shares on the record date (for that rights or warrant issue);
- if the Company distributes to existing Shareholders evidences of its indebtedness, Shares (other than Conversion Shares), assets (excluding annual or interim dividends) or rights or warrants to subscribe for or purchase certain securities (other than those referred to above);
- if the Company issues securities convertible into Shares (other than by way of a pro-rata offer, but including to vendors of assets acquired by the Company) and the consideration per Share for those convertible securities is less than 95% of the market price for Shares on the date on which the Company fixes that consideration;
- if the Company issues any Shares (other than Conversion Shares, Shares issued pursuant to an all scrip takeover offer, or a scrip dividend) and the issue price for those Shares is less than 95% of the then market price for Shares;
- if the Company issues any Shares credited as fully paid to existing holders of Shares by way of capitalisation of profits or reserves and which would not have constituted a capital distribution;
- where there is an issue of Shares by way of a scrip dividend (provided certain conditions are satisfied);
- when the Company makes a capital distribution to Shareholders; and
- if the Company issues any securities convertible into Shares where the consideration per Share receivable by the Company is less than the Conversion Price before the adjustment.

**Redemption**

At any time after the second anniversary of the Issue Date and prior to the Maturity Date, the Company may give notice in writing to Hanwa that the Company wishes to redeem all or part (being not less than 2,500,000 Notes) of the Notes on issue.

On a redemption before the Maturity Date, the Company must pay to Hanwa the Redemption Price of 115%. An adjustment will be made to the Redemption Price should specified events occur.

Notes not converted by Hanwa or redeemed or otherwise cancelled by the Company prior to the Maturity Date will be redeemed by the

Company at 100% of their principal amount on that date.

**Taxation**

If there is any change to tax laws or treaties in Bermuda that would impose an additional material tax liability (other than corporate income tax or other regulatory obligations) on the Holder in respect of amounts payable on the Notes, the Company will pay amounts as necessary to the Holder to negate this.

**Events of default**

If any of the specified events of default occur then for a period of 3 months from the occurrence of the event of default, Hanwa, at its option, shall be entitled to give a notice in writing to the Company requiring the Company to redeem its Notes. The Notes will then be redeemed by the Company paying Hanwa an amount which represents 115% of the face value of the Notes redeemed. Events of default are as follows:

- a default by the Company in the payment of the principal or interest in respect of the Notes or any of them and such default is not remedied by the Company within thirty business days (as defined in the Terms);
- there is a failure by the Company to deliver and list the Conversion Shares (or the ASX objects to the quotation of the Conversion Shares) as and when such Conversion Shares are required to be delivered and listed;
- the Company does not perform or comply with one or more of its obligations under the Note Subscription Agreement and such default is incapable of remedy or not remedied within 30 days after written notice from Hanwa;
- the Company or any of its subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or a material part of (or of a particular type of) its debts or proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Company;
- (i) any other present or future financial indebtedness of the Company or any of its subsidiaries for or in respect of moneys borrowed or raised (other than in the ordinary course of the Company's business) becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company or any of its subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

| | |
|---|---|
| | provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this condition have occurred, which either individually or cumulatively in the aggregate, equal or exceed US$100 million or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank in Australia on the day on which such indebtedness becomes due and payable or is not paid under any such guarantee or indemnity;<br>• final judgment(s) against the Company or any of its subsidiaries for an amount which either individually or in aggregate is at least US$100 million;<br>• it becomes unlawful for the Company to comply with the Note Subscription Agreement;<br>• a resolution is passed or an order of a court of competent jurisdiction is made that the Company or any of its subsidiaries be wound up or dissolved, otherwise than for the purpose of or pursuant to a Shareholder approved consolidation, amalgamation, merger, reconstruction or reorganisation in which the continuing corporation effectively assumes the entire obligations of the Company under the Notes;<br>• the delisting of the Shares on ASX or a suspension of trading of such Shares on the ASX for a period of twenty consecutive Business Days (as defined in the Terms) or more;<br>• the Company ceases, suspends or threatens to cease or suspend the conduct of all or a substantial part of its business or disposes of or threatens to dispose of a substantial part of its business; or<br>• there is a Change of Control of the Company (as that term is defined in the Terms). |
| **Transferability** | Hanwa must not transfer the Notes without the prior written consent of the Company. |
| **Governing law** | Singapore law. |

## 6.2 Conversion Shares

The Company is incorporated in Bermuda under the *Companies Act 1981* of Bermuda ("Companies Act"). OMH is subject to the Corporations Act only insofar as it relates to foreign incorporated companies and companies listed on ASX. As a company listed on the ASX, the Company is also regulated by the ASX Listing Rules.

The rights attaching to ownership of Shares (including the Subscription Shares and Conversion Shares) are:

- described in the Bye-laws; and
- regulated by the Companies Act and the Corporations Act insofar as it relates to foreign incorporated companies and companies listed on ASX (“the applicable law”); and
- the ASX Listing Rules and the general law.

The Conversion Shares will rank pari passu with all other Shares on issue at the time of their issue. The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to all Shares in the capital of the Company (including the Conversion Shares).

**Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares in accordance with the Bye-laws:

- each shareholder entitled to vote may vote in person or by proxy or by representative;
- on a show of hands, every person present who is a shareholder or a proxy or representative of a shareholder has one vote; and
- on a poll, every person who is a shareholder or a proxy or representative of a shareholder present has one vote for each share held.

**Dividend rights**

The Company in general meeting may from time to time determine to distribute the profits of the Company by way of dividend but no amount shall be declared in excess of the amount recommended by the Board.

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the dividend will be declared and paid to shareholders so entitled to those dividends in proportion to the shares held by them respectively, according to the amount paid up, or credited as paid up, on the shares.

**Rights on winding up**

Subject to the rights of holders of shares with special rights (at present there are none), if the Company is wound up, the liquidator may, at its discretion and with the authority of a special resolution and any other sanction required by the applicable law, divide among the shareholders in specie or in kind, the whole or any part of the assets of the Company that may be legally distributed among the shareholders.

**Transfer of Shares**

Subject to the Bye-laws of the Company, the applicable law and the ASX Listing Rules, Shares in the Company are freely transferable.

**Future issues**

Subject to the Bye-laws of the Company, the applicable law and the ASX Listing Rules, the Directors may allot, issue or grant options over, or otherwise deal with the unissued shares in the Company at the times and on the terms and conditions that the Directors think proper and a share may be issued with preferential, deferred, qualified or special rights, privileges or conditions or restrictions including, but not limited to, restrictions in regard to dividends, voting or return of capital as the Directors from time to time determine.

**Variation of rights**

Subject to the Bye-laws of the Company and the applicable law, unless otherwise provided by the terms of issue of shares of a certain class (at present there are no such shares), the rights attached to shares of that class may, whether or not the Company is being wound up, from time to time be varied, modified or abrogated either with the consent in writing of the holders of three quarters of the issued shares of the relevant class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

**Alteration of Bye-laws**

The Bye-laws can only be amended by a resolution of the Directors confirmed by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by shareholders entitled to vote on the resolution). While the Company is listed, at least 21 days written notice of the special resolution must be given.

Full details of the rights attaching to Shares are set out in the Bye-laws of the Company, a copy of which can be inspected, free of charge, at the head office of OMH, at #08-08 Parkway Parade, 80 Marine Parade Road, Singapore during normal business hours.

# 7. Additional information

## 7.1 Nature of this Cleansing Notice

This Cleansing Notice is being given to ASX in accordance with requirements of:

- in relation to the Notes, CO 10/322 which provides relief so that quoted securities issued on the conversion of convertible notes may be on-sold to retail investors if a cleansing notice containing prospectus-like disclosure is released in connection with the issue of the convertible notes to institutional investors; and
- in relation to the Subscription Shares, section 708A(5) of the Corporations Act which provides that newly issued quoted securities may be on-sold to retail investors if a cleansing notice containing certain required disclosures is released in connection with the issue of the quoted securities.

## 7.2 Continuous disclosure and the right to obtain documents

OMH is a "disclosing entity" under the Corporations Act and is subject to disclosure obligations under the Corporations Act and the ASX Listing Rules. OMH is required to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the financial market operated by ASX. In particular, OMH has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning it of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from ASX. OMH also prepares and lodges with ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report, and an audit review report.

Copies of documents lodged with ASIC in relation to OMH may be obtained from, or inspected at, an ASIC office.

OMH will provide a copy of each of the following documents, free of charge, to any person who requests a copy:

- OMH's Annual Report for the year ended 31 December 2010;
- OMH's half year interim financial report for the six months ended 30 June 2011; and
- any other document used to notify ASX of information relating to OMH under the continuous disclosure provisions of the ASX Listing Rules and the Corporations Act after the lodgement of the Annual Report referred to above and before the lodgement of this Cleansing Notice with ASX.

All requests for copies of the documents referred to above should be made by contacting OMH at +65 6346 5515 at any time between 9.30am and 5.00pm (Singapore time) Monday to Friday or by emailing OMH at om@ommaterials.com. Copies of this information may also be obtained at the head office of OMH, at #08-08 Parkway Parade, 80 Marine Parade Road, Singapore during normal business hours, OMH's website at www. omholdingsltd.com or on ASX's website at www.asx.com.au.

## 7.3 Excluded information

Other than the information included in this Cleansing Notice, there is no information in relation to the Subscription Shares, the Conversion Shares or the issue of Notes:

(a) which has been excluded from a continuous disclosure notice in accordance with the exceptions to ASX Listing Rule 3.1; and

(b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:

   (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

   (ii) the rights and liabilities attaching to the Subscription Shares or the Conversion Shares,

   to the extent which it is reasonable for investors and their professional advisers to expect to find the information in this Cleansing Notice.

## 7.4 Subscription Shares cleansing notice statements

The Company advises in connection with the issue of the Subscription Shares that:

(a) the Subscription Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act;

(b) this notice is being given, in respect of the Subscription Shares, under paragraph (e) of section 708A(5) of the Corporations Act; and

(c) as at the date of this notice, the Company has complied with:

   (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and

   (ii) section 674 of the Corporations Act.

## 7.5 Material contracts

**Note Subscription Agreement**

On 28 February 2012, the Company entered into the Note Subscription Agreement with Hanwa. Under the Note Subscription Agreement, the Company agreed to issue, and Hanwa agreed to subscribe for, the Notes at 100% of their principal amount. The Notes were issued on the date of this Cleansing Notice.

The Note Subscription Agreement contains certain common representations, warranties and undertakings provided by the Company to Hanwa (as well as common conditions precedent, each of which will, with the issuance of this Cleansing Notice, be satisfied as of the date of this document). The warranties relate to matters such as corporate power and authorisation, consents, cross defaults, labour disputes, taxation, financial matters, licences, investigations and he Company's undertakings include that it will seek listing and quotation of the Conversion Shares at the appropriate time.

Subject to certain exclusions relating to, among other things, fraud, wilful default or gross negligence by an indemnified party, each party agrees to keep the other and certain affiliated parties indemnified from losses suffered in connection with any misrepresentations or alleged misrepresentations, or any representations, warranties or undertakings contained in the Note Subscription Agreement not being complied with.

**Share Subscription Agreement**

On 28 February 2012, the Company entered into the Share Subscription Agreement with Hanwa. Under the Share Subscription Agreement, the Company agreed to issue, and Hanwa agreed to subscribe for, the

Subscription Shares at an issue price of A$0.3907 per Share. The Subscription Shares were issued on the date of this Cleansing Notice.

The terms of the Share Subscription Agreement with respect to conditions precedent, representations and warranties, undertakings and indemnities are substantially similar to those of the Note Subscription Agreement.

**Marketing Agreement**

On 28 February 2012, OMS and Hanwa agreed under the Marketing Agreement to enter into a strategic marketing relationship covering the sales and marketing of 80,000 tonnes of ferro-silicon and 80,000 tonnes of silico-manganese product from the Sarawak Project, part of which is expected to be incorporated into a specific off-take agreement to be finalised by the parties by 30 April 2012.

OMS and Hanwa will work together with Hanwa's Japanese and certain Asian and global steelmaking ferro-alloy customers, in a manner that is complimentary to the Company's ongoing marketing development activities and previously announced (17 January 2012) proposed off-take with JFE Shoji Trade Corporation.

## 7.6 Consents

The issue of this Cleansing Notice has been approved by the Directors. Each Director has consented to the issue of this Cleansing Notice, and has not withdrawn that consent.

## 7.7 Ownership restrictions

**FATA**

The acquisition of interests in the Company is regulated by the *Foreign Acquisitions and Takeovers Act 1975* (Cth) ("FATA").

*Potential voting power*

FATA generally prohibits (with the sanction of penalties) the acquisition by a "foreign person" of certain interests in the Company (including Shares and Notes), and gives the Treasurer of the Commonwealth of Australia power to make an order prohibiting such an acquisition where it is proposed or to make a divestment order where such an acquisition has occurred, if:

(a) a single foreign person (alone or together with its associates) would have an interest in 15% or more of the Shares, votes or potential votes (including through interests in Shares such as Notes and options) of the Company; or

(b) a number of foreign persons (alone or together with their respective associates) would have in aggregate an interest in 40% or more of the Shares, votes or potential votes (including through interests in Shares such as Notes and options) of the Company,

in each case, unless prior notice of the acquisition has been given to the Treasurer and the Treasurer has either stated that there is no objection to the acquisition or a statutory period has expired without the Treasurer objecting. The restrictions under FATA apply equally to acquisitions of interests through issue or transfer.

The Notes will confer an interest in the Shares for the purposes of “potential voting power” as defined in FATA. As the Conversion Price will be subject to adjustment in certain circumstances described in the Terms, the percentage interests held in the Shares, and the levels of voting power and potential voting power conferred, cannot be determined precisely until the time the Notes are converted. In these circumstances, FATA provides that the Notes will be treated as having been converted into Conversion Shares at a particular point in time (for example, at the time the Notes are acquired) to determine whether a person will acquire a controlling interest that requires the approval of the Treasurer.

*Interest in Australian urban land*

FATA also prohibits (with the sanction of penalties) the acquisition by a “foreign person” of an interest in Australian urban land unless prior notice of the acquisition has been given to the Treasurer and the Treasurer has either stated that there is no objection to the acquisition or a statutory period has expired without the Treasurer objecting. The Treasurer also has the power to make an order prohibiting such an acquisition where it is proposed or to make a divestment order where such an acquisition has occurred.

The Notes will not confer an interest in Australian urban land as defined in FATA. However, Conversion Shares issued on conversion of the Notes (if any) will confer an interest in Australian urban land if the Issuer is an Australian urban land corporation at the time of issue of the Conversion Shares. However, the *Foreign Acquisition and Takeovers Regulations 1989* (Cth) ("FAT Regulations") exempts the application of FATA in certain circumstances.

As at the date of this Cleansing Notice, the Issuer is not an Australian urban land corporation. However, if the Company's assets change and, at the time of conversion of the Notes, it is an Australian urban land corporation, in order for investors to legally acquire Conversion Shares (assuming FATA and the FAT Regulations are not relevantly amended by the relevant time), investors will need to have given notification to the Treasurer and the Treasurer must have either stated that there is no objection to the acquisition or a statutory period must have expired without the Treasurer objecting.

Investors requiring further information as to whether notification under FATA to the Treasurer (through the Foreign Investment and Review Board) is required in respect of a proposed investment or further investment in the Company should consult their professional advisers.

**Takeover restrictions**

The acquisition of interests in the Company are also regulated by the takeover provisions in the Bye-laws, which are substantially similar to those in Chapter 6 of the Corporations Act. These provisions prohibit the acquisition of relevant interests in the Shares, if as a result of the acquisition the acquirer's (or another party's) "voting power" in the Company would increase to above 20%, or would increase from a starting point that is above 20% and below 90%. That prohibition is subject to a number of exceptions, including for acquisitions pursuant to a regulated takeover bid. Articles in the Bye-laws substantially similar to the provisions of Chapter 6C of the Corporations Act also contain provisions requiring market disclosure of relevant interests (and changes in relevant interests) in the Shares by persons holding "voting power" in the Company of 5% or more.

Investors requiring further information relating to takeover restrictions should consult their professional advisers as these matters may be applicable to the conversion of the Notes.

**ASX Listing Rules**

The ASX Listing Rules prohibit the issue of equity or convertible securities if those securities, when aggregated with any other securities of the same class issued during the previous 12 months, exceeds 15% of the same class of security on issue at the commencement of that period of 12 months except, among other things, with prior shareholder approval, to ordinary shareholders pro rata, pursuant to a takeover or scheme of arrangement, to finance a takeover or scheme of arrangement, or an exercise by the Directors of a declared right to dispose of the shortfall remaining after a pro rata equity offering.

Investors requiring further information relating to restrictions under the ASX Listing Rules should consult their professional advisers as these matters may be applicable to the conversion of the Notes.

## 7.8 ASX

ASX has provided the Company with confirmation that, in its opinion, the Terms are appropriate and equitable for the purposes of ASX Listing Rule 6.1.

### 7.9 Date

This Cleansing Notice is dated 7 March 2012 and, except to the extent noted otherwise, the information in it is current as at that date. To the fullest extent permitted by law, the Company and its Directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to information in this Cleansing Notice (including any the forward-looking statements) to reflect any change (including in expectations or assumptions).

# Glossary

"A$", "AUD" or "Australian dollars" means the currency of the Commonwealth of Australia.

"Annual Report" means OMH's 2010 Annual Report.

"ASX" means ASX Limited ABN 98 008 624 691, or the financial market operated by it, as the context requires.

"ASX Listing Rules" means the Listing Rules of ASX, as amended or replaced from time to time except to the extent of any written waiver granted by ASX.

"Board" means the board of directors of the Company from time to time.

"Bootu Creek Manganese Mine" means the Bootu Creek Manganese Mine and associated infrastructure and tenements located approximately 110 km north of Tennant Creek in the Northern Territory and is wholly owned by a subsidiary of the Company.

"Bye-laws" means the Company's Bye-laws, as amended from time to time.

"Cleansing Notice" means this document.

"CO 10/322" means ASIC Class Order [CO 10/322] *On-sale for convertible notes issued to wholesale investors*.

"Company", "Issuer" or "OMH" means OM Holdings Limited ARBN 081 028 337.

"Companies Act" means the *Companies Act 1981* of Bermuda (as amended from time to time).

"Conversion Exchange Rate" has the meaning given to it in Section 2.

"Conversion Period" means the period during which the Notes may be converted, being at any time after the Issue Date and until 1 week prior to the Maturity Date.

"Conversion Price" has the meaning given to it in the Terms.

"Conversion Shares" means the Shares into which the Notes convert if converted, initially being 25,000,000 in number, but subject to adjustment in accordance with the Terms.

"Corporations Act" means the *Corporations Act 2001* (Cth), as notionally modified by CO 10/322.

"Directors" means the directors of the Company.

"FATA" means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

"FAT Regulations" means the *Foreign Acquisition and Takeovers Regulations 1989* (Cth).

"Financial Information" has the meaning given to it in Section 4.2 of this Cleansing Notice.

"Group" means the Company and its subsidiaries as a whole.

"Hanwa" means Hanwa Co., Ltd., the subscriber for the Notes and the Subscription Shares.

"Holder" means the holder(s) of the Notes from time to time, initially being Hanwa.

"Issue Date" means the issue date of the Notes, being 7 March 2012.

"Maturity Date" means the maturity date of the Notes, being 6 March 2016.

"Marketing Agreement" means the marketing agreement, dated 28 February 2012, between OMS and Hanwa, summarised in Section 7.5.

"Notes" means the US$21,447,261 aggregate principal amount 5.0% convertible notes due on 6 March 2016 issued by the Company, convertible into the Conversion Shares, to which this Cleansing Notice relates.

"Note Subscription Agreement" means the subscription agreement for the subscription for the Notes entered into on 28 February 2012 between the Company and Hanwa.

"OMS" means OM Materials (S) Pte Ltd, a wholly owned subsidiary of the Company.

"Pro forma Balance Sheet" has the meaning given to it in Section 4.2 of this Cleansing Notice.

"Redemption Price" means 115% of the face value of the Notes redeemed.

"Sarawak Project" means the development of a greenfield manganese and ferro-silicon alloy smelter with an annual production capacity of 600,000 tonnes in the Samalaju Industrial Park, Sarawak, Malaysia.

"Share" or "Shares" means a fully paid ordinary share/s in the capital of the Company.

"Share Subscription Agreement" means the subscription agreement for the subscription for the issue of the Subscription Shares entered into on 28 February 2012 between the Company and Hanwa.

"Shareholder" means a holder of Shares in the Company.

"SISB" means Samalaju Industries Sdn Bhd, a wholly-owned subsidiary of Cahya Mata Sarawak Berhad.

"Subscription Shares" means the 25,000,000 new Shares.

"Terms" means the terms and conditions of the Notes, summarised in Section 6.1 of this Cleansing Notice.

"Trading Day" means a day when ASX is open for business, but does not include a day when (a) no such last transaction price or closing bid and offered prices is/are reported and (b) (if the Shares are not listed or admitted to trading on such exchange) no such closing bid and offered prices are furnished as aforesaid.

"US$", "USD" or "US dollars" means the currency of the United States.

*Rule 2.7, 3.10.3, 3.10.4, 3.10.5*

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

OM HOLDINGS LIMITED

ARBN

081 028 337

We (the entity) give ASX the following information.

## Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

| | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | (i) Ordinary Shares (listed)<br>(ii) Convertible Notes (unlisted) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (i) 25,000,000 Ordinary Shares<br>(ii) 25,000,000 Convertible Notes |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (i) Fully paid ordinary shares which rank equally with existing fully paid ordinary shares on issue.<br>(ii) Convertible Notes - as outlined in the accompanying Cleansing Notice dated 7 March 2012 and including:<br>• each note has a face value of A$0.80 and is convertible at the election of the holder into fully paid ordinary shares at A$0.80 per share (with the conversion price subject to a number of adjustment events) up to 6 March 2016 (Maturity Date);<br>• interest is payable on the outstanding principal under the convertible notes at 5% per annum annually in arrears on each anniversary date of the issue date; and<br>• is redeemable by OMH at any time after 7 March 2014 until the Maturity Date for the redemption price of 115% of the face value of the notes redeemed |

+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?<br><br>If the additional securities do not rank equally, please state:<br>• the date from which they do<br>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment<br>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | (i) Yes.<br>(ii) No. Ordinary shares issued as a result of the conversion of the Convertible Notes will rank equally with existing fully paid ordinary shares on issue from the date of allotment. |
| 5 | Issue price or consideration | (i) A$0.3907 per share.<br>(ii) A$0.80 for each Convertible Note with a total subscription amount of US$21,447,261 |
| 6 | Purpose of the issue<br>(If issued as consideration for the acquisition of assets, clearly identify those assets) | (i) The share placement raised gross proceeds of A$9,767,500; and<br>(ii) The Convertible Notes raised gross proceeds of US$21,447,261<br><br>Gross proceeds raised will be applied to finance development activities at the Company's Sarawak ferro-alloy project in Malaysia and to pay the costs of the issue. |
| 7 | Dates of entering +securities into uncertificated holdings or despatch of certificates | (i) 7 March 2012<br>(ii) 7 March 2012 |

| | | Number | +Class |
|---|---|---|---|
| 8 | Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable) | 604,105,150 | Ordinary shares ("OMH") |

+ See chapter 19 for defined terms.

| | | Number | +Class |
|---|---|---|---|
| 9 | Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable) | 3,000,000 | Unlisted options exercisable at A$2.49 each expiring on 1 Jan 2013. |
| | | 4,000,000 | Unlisted options exercisable at A$1.64 each expiring on 3 Sept 2012. |
| | | 4,000,000 | Unlisted options exercisable at A$1.755 each expiring on 3 Sept 2013. |
| | | 4,000,000 | Unlisted options exercisable at A$1.87 each expiring on 3 Sept 2014 (vest on 3 Sept 2012). |
| | | 2,000,000 | Unlisted options exercisable at A$2.49 each expiring on 1 Jan 2013. |
| | | 2,000,000 | Unlisted options exercisable at A$2.49 each expiring on 1 Jan 2014. |
| | | 2,000,000 | Unlisted options exercisable at A$2.49 each expiring on 1 Jan 2015 (vest on 1 Jan 2013). |
| | | 25,000,000 | Convertible Notes with each convertible at the election of the holder into ordinary shares at the conversion price of A$0.80 per share (with the conversion price subject to a number of adjustment events) on or before 6 March 2016 |

| | | |
|---|---|---|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | Ordinary shares will participate on an equal basis to dividends declared and paid. |

# Part 2 - Bonus issue or pro rata issue

| | | |
|---|---|---|
| 11 | Is security holder approval required? | Not applicable |
| 12 | Is the issue renounceable or non-renounceable? | Not applicable |
| 13 | Ratio in which the +securities will be offered | Not applicable |
| 14 | +Class of +securities to which the offer relates | Not applicable |
| 15 | +Record date to determine entitlements | Not applicable |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | Not applicable |
| 17 | Policy for deciding entitlements in relation to fractions | Not applicable |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents<br>Note: Security holders must be told how their entitlements are to be dealt with.<br>Cross reference: rule 7.7. | Not applicable |
| 19 | Closing date for receipt of acceptances or renunciations | Not applicable |
| 20 | Names of any underwriters | Not applicable |
| 21 | Amount of any underwriting fee or commission | Not applicable |
| 22 | Names of any brokers to the issue | Not applicable |
| 23 | Fee or commission payable to the broker to the issue | Not applicable |

+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | Not applicable |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | Not applicable |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | Not applicable |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | Not applicable |
| 28 | Date rights trading will begin (if applicable) | Not applicable |
| 29 | Date rights trading will end (if applicable) | Not applicable |
| 30 | How do +security holders sell their entitlements *in full* through a broker? | Not applicable |
| 31 | How do +security holders sell *part* of their entitlements through a broker and accept for the balance? | Not applicable |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)? | Not applicable |
| 33 | +Despatch date | Not applicable |

+ See chapter 19 for defined terms.

# Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities
(*tick one*)

(a) √ Securities described in Part 1 (Ordinary shares only)

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

## Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

## Entities that have ticked box 34(b)

| | | |
|---|---|---|
| 38 | Number of securities for which +quotation is sought | Not applicable |
| 39 | Class of +securities for which quotation is sought | Not applicable |

+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 40 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?<br><br>If the additional securities do not rank equally, please state:<br>• the date from which they do<br>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment<br>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | Not applicable |
| 41 | Reason for request for quotation now<br><br>Example: In the case of restricted securities, end of restriction period<br><br>(if issued upon conversion of another security, clearly identify that other security) | Not applicable |

42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

| Number | +Class |
|---|---|
| | |

## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.

+ See chapter 19 for defined terms.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: **7 March 2012**
(Company secretary)
Print name: **Heng Siow Kwee/Julie Anne Wolseley**

== == == == ==

+ See chapter 19 for defined terms.