

OM HOLDINGS LIMITED

(ARBN 081 028 337)



No. of Pages Lodged: 4

21 December 2012

ASX Market Announcements

ASX Limited

4th Floor, 20 Bridge Street

SYDNEY NSW 2000

Dear Sir/Madam

OM SARAWAK FERRO ALLOY SMELTING PROJECT UPDATE

The Board of OM Holdings Limited ("OMH" or the "Company") is pleased to announce that the following significant milestones in the development of the Company's Ferro Alloy Smelting Project in Sarawak, Malaysia (the "Project") have been successfully achieved by the Company and OM Materials (Sarawak) Sdn Bhd ("OM Sarawak").

HIGHLIGHTS

- **Project finance commitments secured**
 - Commitment letter signed by OM Sarawak and a syndicate of leading international and regional lenders for approximately USD315 million (USD215 million and MYR310 million) of senior project finance debt and approximately USD40 million (MYR126 million) of performance and payment securities
 - The debt, together with committed equity from OM Sarawak's shareholders, is sufficient to finance the construction and commissioning of Phase 1 of the Project
- **Achieved 60% offtake target for Phase 1 of the Project**
 - Binding offtake agreement signed with Fesil Sales AS ("Fesil") for 60,000 tonnes per annum of ferrosilicon for the European market
 - Combined offtake agreements with JFE Shoji Trade Corporation ("JFE Shoji"), Hanwa Co. Ltd ("Hanwa") and Fesil exceed 60% of the Project's Phase 1 production
- **Strengthened strategic relationship with JFE Shoji**
 - OM Sarawak and JFE Shoji to establish a production joint venture for 110,000 tonnes per annum of ferrosilicon as part of the Project's Phase 1 development
 - USD9 million convertible loan agreement signed with JFE Shoji
 - OMH to use the loan proceeds as part of its equity contribution to the Project

For personal use only



PROJECT FINANCE UPDATE

The Company is pleased to announce that OM Sarawak, the owner of the Project (in which the Company owns an 80% interest), has received confirmation of credit approved commitments from, and signed a commitment letter (the "Commitment Letter") with a group of financial institutions to provide debt financing for the Project (the "Project Financing"). The Project Financing is comprised of limited recourse senior project finance debt facilities totalling USD215 million and MYR310 million, plus commitments to provide up to MYR126 million of performance and payment securities for the construction, commissioning and operation of the Project. The Project Financing will become non-recourse to OMH following the satisfaction of certain pre-agreed completion tests typical for a financing of this nature.

Funding commitments were received from financial institutions for a sum in excess of the Project's debt financing requirement. As is customary for debt financing of this nature, the Project Financing will be available for draw down upon the completion of documentation and finalisation of due diligence by the financial institutions, expected to take place during Q1 2013. OM Sarawak expects the financing documents to be signed in Q1 2013 and debt drawdown to occur soon after.

The Commitment Letter has been entered into with a syndicate of leading local and international lenders, including Export-Import Bank of Malaysia Berhad, RHB Bank Berhad, Standard Chartered Bank Malaysia Berhad, and Malayan Banking Berhad.

The Project Financing, together with committed equity from OM Sarawak's shareholders, OMH and Cahya Mata Sarawak Berhad, is sufficient to finance the construction of Phase 1 of the Project.

Standard Chartered Bank is Financial Advisor to OM Sarawak on the Project Financing.

OFFTAKE AGREEMENT WITH FESIL

OMH is pleased to announce the signing of a binding offtake agreement with Fesil Sales AS for 60,000 tonnes per annum of ferrosilicon alloy product produced by the Project (the "Offtake Agreement").

The Offtake Agreement, which is for an initial term of 4 years, and provides Fesil with exclusivity for the EU market and selected end-user customers in North Africa, achieves the Company's objective of securing strategic market coverage for the European market.

In addition to the offtake relationship, Fesil and OM Sarawak will work closely together to identify and extract technical and commercial synergies including but not limited to raw materials, technical co-operation, logistics and distribution.

Fesil is a wholly owned subsidiary of Fesil AS of Norway (with its subsidiaries, the "Fesil Group"). The Fesil Group is among the world's leading producers of ferrosilicon, specialising in refined and high-purity grade products. The Fesil Group operates a smelting plant in Norway and holds a 33.3% share in a quartz mining company in Spain.

According to their 2011 Annual Report, the Fesil Group recorded an operating income of approximately NOK4 billion in 2011 and employs approximately 250 employees world-wide.

The Offtake Agreement is in addition to the previously announced binding offtake agreements entered into with JFE Shoji for 80,000 tonnes per annum of ferrosilicon, and Hanwa for 50,000 tonnes per annum of ferrosilicon, which were executed in June and July 2012, respectively.

The JFE Shoji, Hanwa and Fesil offtake agreements collectively exceed 60% of the Project's expected Phase 1 production capacity.



JFE SHOJI LOAN AND JOINT VENTURE AGREEMENT

OM Sarawak, OM Materials (S) Pte Ltd (“OMS”) and JFE Shoji are pleased to announce the execution of an amendment to the term sheet of 9 December 2011 (the “Amended Term Sheet”) and the signing of a USD9 million loan agreement (the “Loan”).

JFE Shoji is a member of the JFE Group, which includes JFE Steel Corporation.

The Amended Term Sheet captures the parties’ intention to establish and operate a joint venture company (the “Plant A JV”), producing 110,000 tonnes per annum of ferrosilicon alloys. Plant A will be an integrated part of OM Sarawak’s Phase 1 development, expected to produce a total of approximately 308,000 tonnes per annum of ferrosilicon alloys.

Under the Amended Term Sheet, OM Sarawak will independently proceed with the financial close and subsequent construction, commissioning and operation of Phase 1, including Plant A. Approximately one year after Phase 1 reaches full commercial operation the parties will proceed with the establishment of the Plant A JV.

As part of the above transaction, JFE Shoji will provide OMS, a fully owned subsidiary of OMH, with a USD9 million convertible loan, which upon the establishment of the Plant A JV, will be fully converted into equity in the Plant A JV.

The USD9 million loan proceeds will be used by OMH as part of its equity contribution towards the funding of the Project.

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary

For personal use only



BACKGROUND PROFILE OF OM HOLDINGS LIMITED

OMH listed on the ASX in March 1998 and has its foundations in metals trading – incorporating the sourcing and distribution of manganese ore products and subsequently in processing ores into ferro-manganese intermediate products. The OMH Group now operates commercial mining operations – leading to a fully integrated operation covering Australia, China and Singapore.

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

Bootu Creek has the capacity to produce 1,000,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 2,400km².

Bootu Creek’s manganese product is exclusively marketed by the OMH Group’s own trading division with a proportion of the product consumed by the OMH Group’s wholly-owned Qinzhou smelter located in south west China.

Through its Singapore based commodity trading activities, OMH has established itself as a significant manganese supplier to the Chinese market. Product from Bootu Creek has strengthened OMH’s position in this market.

OMH is a constituent of the S&P/ASX 300 a leading securities index.

OMH holds a 26% investment in Ntsimbintle Mining (Proprietary) Ltd, which holds a 50.1% interest in the world class Tshipi Borwa manganese project in South Africa.

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

- *11% shareholding in **Northern Iron Limited** (ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway; and*
- *4% shareholding in **Shaw River Resources Limited** (ASX Code: SRR), a company presently exploring for manganese in Namibia, Western Australia and Ghana*