

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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

Dear Sir/Madam

OM SARAWAK FERRO ALLOY SMELTING PROJECT UPDATE

EPC CONTRACT EXECUTED

The Board of OM Holdings Limited (“OMH” or the “Company”) is pleased to announce that OM Materials (Sarawak) Sdn Bhd (“OM Sarawak”), the owner of the Ferro Alloy Smelting Project in Sarawak, Malaysia (the “Project”) has successfully executed the Project’s lump-sum turn-key Engineering, Procurement and Construction (“EPC”) contract.

The execution of the EPC contract follows the signing of a binding EPC Term Sheet and Letter of Award announced on 31 January 2013. The EPC contract was signed with Sinohydro Corporation Limited and Sinohydro Corporation (M) Sdn Bhd (together “Sinohydro”), and Sinosteel Jilin Electro-Mechanical Equipment Co. Ltd (“Sinosteel Jilin”) as a nominated sub-contractor.

The signing of the EPC contract completes the finalisation of the last critical component in the Project’s planning and preparation phase, clearing the way for full scale Project construction to begin.

EPC CONTRACTING FRAMEWORK

The EPC contracting framework will allow the Project to leverage the significant project management experience of Sinohydro, including its longstanding EPC experience throughout Malaysia, including in Sarawak, and combine it with the unique equipment and control system expertise and capability of Sinosteel Jilin.

Sinohydro undertook the construction of the approx. USD1 billion Bakun hydroelectric project in Sarawak and its current contracts include the construction of the Murum Hydroelectric Project (approx. USD1.3 billion) in Sarawak, and the Hulu Terengganu Hydroelectric Project (approx. USD276 million) in West Malaysia.

The Sinohydro Group Ltd is a world-class Chinese state-owned construction group listed on the Shanghai Stock Exchange with operations in more than 58 countries, specialising in global civil engineering and infrastructure projects.



Sinosteel Jilin is one of China's leading designer, manufacturer and installer of submerged electric arc furnaces, furnace automation, control systems and furnace transformers.

Sinosteel Corporation, the parent company of Sinosteel Jilin, is a Chinese state-owned Fortune Global 500 corporation engaged in the development of mineral resources, trading and logistics of raw materials and the provision of engineering services and equipment.

The Company is delighted to have executed the EPC contract with such experienced and international well respected parties.

A BRIEF RECAP OF THE OM SARAWAK PROJECT TO DATE

SEIZING THE OPPORTUNITY

Since the inception of the Project in 2010, OMH has worked relentlessly on the development of this unique and world-class opportunity.

OMH is of the view that the Project represents an outstanding investment on the basis of strong underlying demand fundamentals for silicon based ferro alloys, changing industry supply dynamics, and the location and competitiveness of Sarawak as an alloy production centre.

The signing of the Power Purchase Agreement (“PPA”) Memorandum of Understanding in March 2011 established the Project’s technical and commercial foundations, which was subsequently further endorsed by the OMH Board’s approval of the Project’s Feasibility Study in November 2011.

The Project is expected to benefit from a combination of unique competitive advantages, including competitively priced and reliable power supply, geographic proximity to raw materials and customers, tax incentives, lack of import and export duties and existing and currently under-development infrastructure. The combinations of these advantages are expected to enable the Project to become one of the industry’s most strategically located and lowest cost ferro alloy producers.

STRATEGIC PROJECT PARTNER

OM Sarawak is a joint venture between OMH (80%) and Cahya Mata Sarawak Berhad (20%), a leading Malaysian Stock Exchange listed and Sarawak focused industrial conglomerate.

THE POWER CONTRACT

The PPA, which is for a total of 500 MWh power supply with a tenure of 20 years with a fixed annual price escalation rate was contractually agreed with the Sarawak power company, Syarikat SESCO Bhd (“SSB”), in February 2012. Under the PPA, OM Sarawak will have access to reliable long-term power supply generated from the Bakun and Murum Hydro Dams, located approximately 120 kilometers from the Project.

The construction of the 275kv power substation was awarded to the Malaysian Stock Exchange listed Pestech Sdn. Bhd. in August, 2012. The timely completion of the power substation is on the Project’s critical path, and the construction and installation process is running on-time and on-budget for commissioning in Q4 2013.

PROJECT LAND

OM Sarawak has purchased 500 acres of 60-year tenure industrial coastal land in the Samalaju Industrial Park. The earthwork to clear and level the land for construction was completed in February 2013.



ENVIRONMENTAL APPROVAL

Throughout the planning and execution of the Project, the Group's corporate values with regards to safety, the environment and corporate social responsibility continue to play an important role.

OM Sarawak has obtained Detailed Environmental Impact Assessment ("DEIA") approval from the Department of Environment of Malaysia in June 2012. The DEIA was prepared and submitted in accordance with the Sarawak State's Natural Resources and Environment Order, 1997 and Malaysia's Environmental Quality Act, 1974.

The required DEIA documents underwent a public review process and approvals were obtained from various state and federal government departments. The review process provided the Project's various stakeholders with an opportunity to understand the Project's key environmental risks and opportunities, and allowed OM Sarawak to draw up its environmental management plans, systems, processes and procedures. In line with the relevant approval conditions, the Project will adhere to the stringent Equator Principle environmental and social standards, specific emission targets and best practice environmental controls, including discharge and real-time emission monitoring. The DEIA approving authorities included the Department of Environment of Malaysia, the Natural Resources and Environment Board of Sarawak and the State Planning Authority of Sarawak.

PHASED PROJECT EXECUTION

In order to ensure the most effective and efficient funding and execution of the Project, OM Sarawak has made a decision to execute the Project in two distinct phases. Phase 1 will expedite Project cash flows by fast-tracking higher margin ferrosilicon production, expected to ensure optimum construction and ramp-up flexibility, while continuing with the technical and commercial optimisation of Phase 2.

PROJECT OFF-TAKE

OM Sarawak has executed binding off-take agreements with three key strategic partners, namely JFE Shoji Trade Corporation (80,000 tonnes per annum), Hanwa Co., Ltd (50,000 tonnes per annum) and Fesil Sales AS (60,000 tonnes per annum) The agreed off-take agreements represent in excess of 60% of the Project's expected Phase 1 production.

PROJECT FINANCE

OM Sarawak signed a project finance Commitment Letter with its lenders in December 2012, which was followed by the execution of the Facility Agreement ("FA") in March 2013, completing Phase 1 of the Project's funding process.

The Mandated Lead Arrangers of the project financing include the Export-Import Bank of Malaysia Berhad, Maybank Investment Bank Berhad, RHB Bank Berhad and Standard Chartered Bank Malaysia Berhad.

The FA is comprised of limited recourse senior project finance debt facilities totalling USD215 million and MYR310 million, representing 70% of the total capital cost of the Project's Phase 1 ferrosilicon production facility, and another MYR126 million credit line for the issuance of performance and payment guarantees to the power provider, SSB, as part of OM Sarawak's obligations under the PPA. The Project is backed by OM Sarawak's shareholders and sponsors on a several basis and pro-rata to their shareholding interest. The Project will become non-recourse 18 months after the satisfaction of pre-agreed project completion tests.

The execution of the project finance documents, together with the committed equity from OM Sarawak's shareholders, ensures that Phase 1 of the Project is fully funded.



CONCLUSION – MOVING FORWARD WITH STRONG MOMENTUM

With the immediate commencement of full-scale Project construction, the day-to-day management of the Project's on-time and on-budget execution will now take centre stage.

OM Sarawak is targeting production to commence during the second quarter of 2014 and expects to achieve full scale commissioning and production 12 months later.

In addition to transforming OMH's production and financial profile, the Project will also become a platform for significant shareholder value creation and the generation of further strategic and operational development opportunities for OMH.

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary



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 2,400km².

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*