

# OM HOLDINGS LIMITED

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Company Announcements Office  
ASX Limited  
4<sup>th</sup> Floor  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

## **TSHIPI KALAHARI MANGANESE PROJECT – UPDATE**

The Board of OM Holdings Limited (“OMH”) is pleased to provide the following update with regards to the proposed transaction involving the Tshipi Kalahari Manganese Project (“Tshipi Project”) as announced on 28 September 2009.

OMH announced that it had executed a Memorandum of Understanding under the terms of which it would acquire an interest in the Tshipi Project by way of two associated transactions. Firstly, a direct 49.9% interest would be acquired from a group of five co-investors, including Pallinghurst Resources Limited (“the Pallinghurst Co-Investors”) by issuing approximately 139.9 million OMH shares pro-rata to each of the Pallinghurst Co-Investors. Secondly, OMH would acquire a 20% equity interest in Ntsimbintle Mining (Proprietary) Limited (“Ntsimbintle”), which owns the remaining 50.1% of the Tshipi Project, for A\$49.2 million cash.

The proposed transaction was subject to certain conditions precedent including:

- The satisfactory completion of comprehensive commercial, technical and legal Due Diligence Investigations (“DDI”);
- The formalisation of comprehensive legal agreements prescribing the transactions and the subsequent relationships between the relevant parties;
- The approval of the proposed transaction by OMH and Ntsimbintle shareholders and the Pallinghurst Co-Investors; and
- The approval of applicable regulatory and statutory bodies, as required.

The comprehensive DDI related to the Tshipi Project has been completed covering all material aspects underlying the Tshipi Project and the structure of the proposed transaction - including, but not limited to, the geology, resource, operational, commercial and financial aspects as well as South African and Australian legal and regulatory issues and considerations.

Although not legally required but as part of the extensive scope of the DDI process, OMH commissioned for the OMH Board’s internal purposes a Competent Person’s Report, an Independent Expert’s Report and an Independent Logistics and Materials Handling Study (“Independent Experts’ Reports”) to provide the Board with a comprehensive independent assessment of the Tshipi Project’s various technical and commercial aspects, project potential, risk profile and valuation assumptions.



Macquarie Capital Advisers was also engaged by OMH as its financial adviser.

The detailed findings of the DDI, the recommendations of the financial adviser and the Independent Experts' Reports have been presented to and considered by the OMH Board. Based on the findings of the DDI and the Independent Experts' Reports, OMH confirmed that the technical and commercial rationale supporting OMH's participation in the Tshipi Project is compelling and robust.

As the result of the DDI findings the following recommendations have been approved by the OMH Board:

- **Ntsimbintle transaction structure and timetable:**
  1. OMH will increase its shareholding in Ntsimbintle from the proposed 20% to 26% interest for cash consideration of approximately A\$64 million. The increased level of equity participation in Ntsimbintle has been agreed by both parties so as to ensure a deeper engagement with the project's Black Economic Empowerment partner, create a robust strategic platform for future South African and broader African growth opportunities, and to ensure that OMH's minority shareholder protection rights are adequately addressed in terms of both the Ntsimbintle investment and the Tshipi Project.
  2. The OMH Board has approved the revised Ntsimbintle investment proposal on a stand-alone basis. The Ntsimbintle transaction will no longer be conditional on the completion of the purchase of the 49.9% interest in the Tshipi Project from the Pallinghurst Co-Investors.
  3. The OMH Board's approval is subject to the satisfactory finalisation of the relevant legal agreements with Ntsimbintle. The transaction is expected to be completed by the first quarter of 2010, subject to any regulatory approvals.
  4. There is no legal requirement for OMH Shareholder approval with respect to the Ntsimbintle transaction.
  
- **Pallinghurst Co-Investors transaction structure and timetable:**
  1. The Pallinghurst Co-Investors fully support the above stand-alone transaction between OMH and Ntsimbintle.
  2. OMH and the Pallinghurst Co-Investors have not been able to reach agreement on the final terms and conditions for the acquisition of the 49.9% interest in the Tshipi Project.
  3. OMH and Ntsimbintle will continue to discuss with the Pallinghurst Co-Investors ways in which OMH may increase its effective interest in the Tshipi Project over time.
  4. Any future transaction with the Pallinghurst Co-Investors involving the issue of OMH shares will be in accordance with the relevant ASX Listing Rules and any shareholder approval requirements.
  5. In the meanwhile Ntsimbintle, the Pallinghurst Co-Investors and OMH will work closely together to ensure the Tshipi Project's successful and timely development.

OMH remains excited about the quality of the Tshipi Project including its resource, the overall potential of the project and is committed to the Tshipi Project becoming a part of the Company's strategy of transforming OMH into a leading globally integrated manganese and steelmaking raw materials company.

Yours faithfully

**OM HOLDINGS LIMITED**

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



## BACKGROUND PROFILE OF OM HOLDINGS LIMITED

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*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 over 800,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 3,326km<sup>2</sup>.*

*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 also holds a 12% shareholding in Shaw River Resources Limited, a company presently exploring for manganese in Western Australia as well as a 10% shareholding in Territory Resources Limited a company operating the Frances Creek iron ore mine in the Northern Territory.*