

# OM HOLDINGS LIMITED

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Dear Sir/ Madam

## **BOOTU CREEK MANGANESE PROJECT MINERAL RESOURCE AND ORE RESERVE UPDATE 31 DECEMBER 2009**

The Board of OM Holdings Limited ("OMH") is pleased to provide the following update to the Mineral Resource and Ore Reserve estimates for its 100% owned Bootu Creek Manganese Mine, located in the Northern Territory of Australia.

### **HIGHLIGHTS**

- **31 December 2009 Mineral Resource replaced the 2.4 million tonnes mined in 2009 and added an additional 2.4 million tonnes to increase the total Mineral Resource to 32.9 million tonnes at 23.1% Mn.**
- **Mineral Resource supports a 13 year life-of-mine plan based on an expanded mining and processing rate of 2.5 million tonnes of ore per annum (in order to support the announced expanded production rate of 1.0 million tonnes of manganese product per annum).**
- **Mineral Resource calculated using more conservative bulk density factors and at a cut-off grade of 15% Mn (from the 18% Mn cut-off grade used previously) to reflect current mining practice. The Mineral Resource also included 2.5 million tonnes of inventories at 19.7% Mn available for processing through the newly commissioned Secondary Processing Plant.**
- **31 December 2009 Ore Reserve estimate contracted by 1.9 million tonnes to 20.5 million tonnes at 21.4% Mn after adjusting for mining depletion during 2009 of 2.4 million tonnes, the application of more conservative bulk density and mine recovery factors, and by applying revised exchange rate, cost and product yield parameters used in the optimisation process to constrain the Ore Reserve pit shells.**

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**Table 1. Bootu Creek Manganese Project – Comparison of Mineral Resources and Ore Reserves position with 31 December 2008**

|                  | 31 December 2009 |      | 31 December 2008 |      | Change   |
|------------------|------------------|------|------------------|------|----------|
|                  | M tonnes         | % Mn | M tonnes         | % Mn | M tonnes |
| Mineral Resource | 32.9             | 23.1 | 30.5             | 24.1 | + 2.4    |
| Ore Reserve      | 20.5             | 21.4 | 22.4             | 22.1 | - 1.9    |

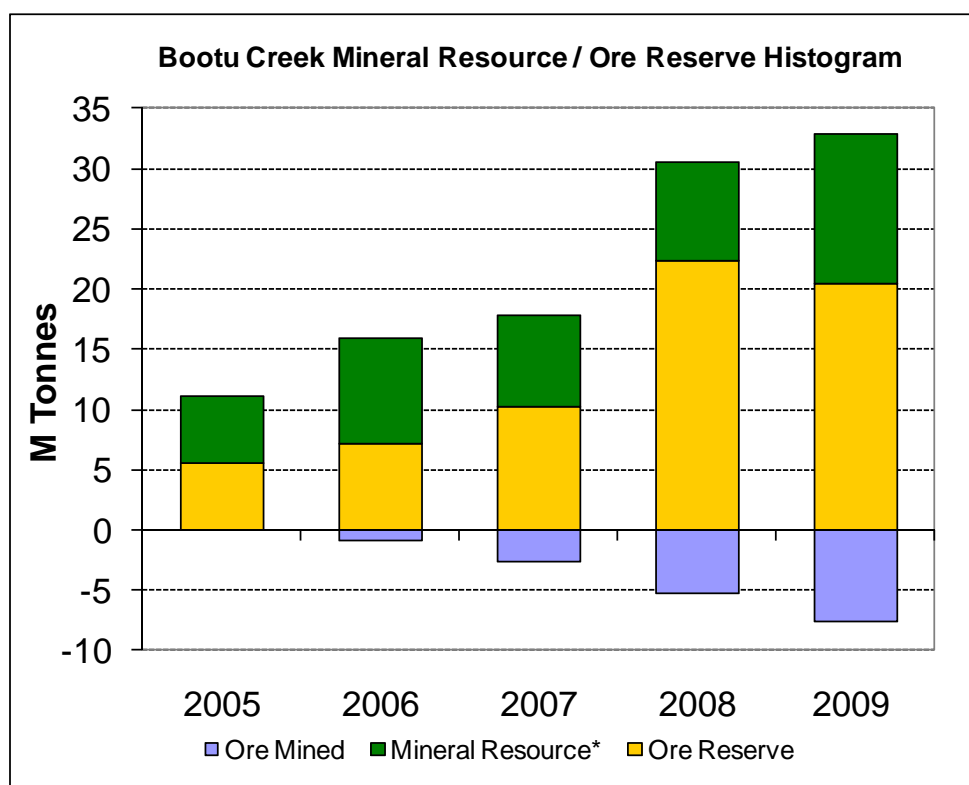
The substantial investment in exploration expenditure of A\$10 million during 2008 demonstrated the extent and future prospectivity of the Bootu Creek Mineral Lease, resulting in Ore Reserves more than doubling and a 70% increase in the Mineral Resource base.

Despite the reduced exploration expenditure in 2009 (A\$3 million) and an unfavourable increase in the AUD:USD exchange rate (rising from 0.70 to 0.90) the 31 December 2009 review of the Bootu Creek Mineral Resource and Ore Reserve has produced positive results.

Exploration activities continued to demonstrate economic value and provide future potential for OMM to successively grow its Mineral Resource base and provide for future exploration success.

The ongoing growth in the Mineral Resource base underpins the expanded mining and processing rate of 2.5 million tonnes per annum which is required to support the recently announced expanded production rate of 1.0 million tonnes of manganese product per annum from the Bootu Creek Manganese Mine.

**Table 2. Histogram of Mineral Resources and Ore Reserves growth since commencement of mine production in 2006**



\* note – Mineral Resource is inclusive of Ore Reserve

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### 31 December 2009 – Mineral Resource Update

The most significant changes to the 31 December 2009 Bootu Creek Manganese Project Mineral Resource estimation when compared to 31 December 2008 included:

- Application of more conservative bulk density regressions based on 366 diamond core samples submitted to Amdel Laboratories for densimetric analysis during 2009 which were estimated on an individual deposit basis;
- Revising the Mineral Resource cut-off grade down to 15% Mn (18% Mn previously) to reflect current mining and processing practices; and
- Re-classification of 0.7 million tonnes of low grade ore stocks and 1.8 million tonnes of stocks scheduled for re-processing through the newly commissioned Secondary Processing Plant.

**Table 3. Bootu Creek Manganese Project – Mineral Resources Summary as at 31 December 2009**

| Deposit:                 | Measured    |             | Indicated   |             | Inferred   |             | Combined*   |             |
|--------------------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|
|                          | Mt          | %Mn         | Mt          | %Mn         | Mt         | %Mn         | Mt          | %Mn         |
| Chugga North             | 1.2         | 24.2        | 2.9         | 22.6        | 0.2        | 21.7        | <b>4.3</b>  | <b>23.0</b> |
| Chugga South             | 1.1         | 23.6        | 1.2         | 22.8        | 0.2        | 23.4        | <b>2.5</b>  | <b>23.2</b> |
| Gogo                     | 0.3         | 25.3        | 1.3         | 25.7        | 0.2        | 26.7        | <b>1.8</b>  | <b>25.8</b> |
| Masai                    | 2.2         | 22.8        | 3.9         | 22.8        | 0.8        | 22.5        | <b>6.9</b>  | <b>22.8</b> |
| Shekuma                  | 0.6         | 25.7        | 3.4         | 25.1        | 0.3        | 24.1        | <b>4.4</b>  | <b>25.1</b> |
| Tourag                   | 0.8         | 23.8        | 3.3         | 23.3        | 0.6        | 22.2        | <b>4.7</b>  | <b>23.2</b> |
| Yaka                     | 0.9         | 22.8        | 2.5         | 22.4        | 0.1        | 22.3        | <b>3.6</b>  | <b>22.6</b> |
| Zulu                     | 0.8         | 22.6        | 1.2         | 22.2        | 0.3        | 22.5        | <b>2.2</b>  | <b>22.4</b> |
| <b>In situ Resource*</b> | <b>7.9</b>  | <b>23.5</b> | <b>19.8</b> | <b>23.4</b> | <b>2.7</b> | <b>22.9</b> | <b>30.4</b> | <b>23.4</b> |
| ROM Stocks               | 0.7         | 16.0        |             |             |            |             | <b>0.7</b>  | <b>16.0</b> |
| SPP Stocks               | 1.8         | 21.2        |             |             |            |             | <b>1.8</b>  | <b>21.2</b> |
| <b>Total Resource*</b>   | <b>10.4</b> | <b>22.6</b> | <b>19.8</b> | <b>23.4</b> | <b>2.7</b> | <b>22.9</b> | <b>32.9</b> | <b>23.1</b> |

\* Rounding may give rise to unit discrepancies in this table

*This table of Mineral Resources is inclusive of Ore Reserves*

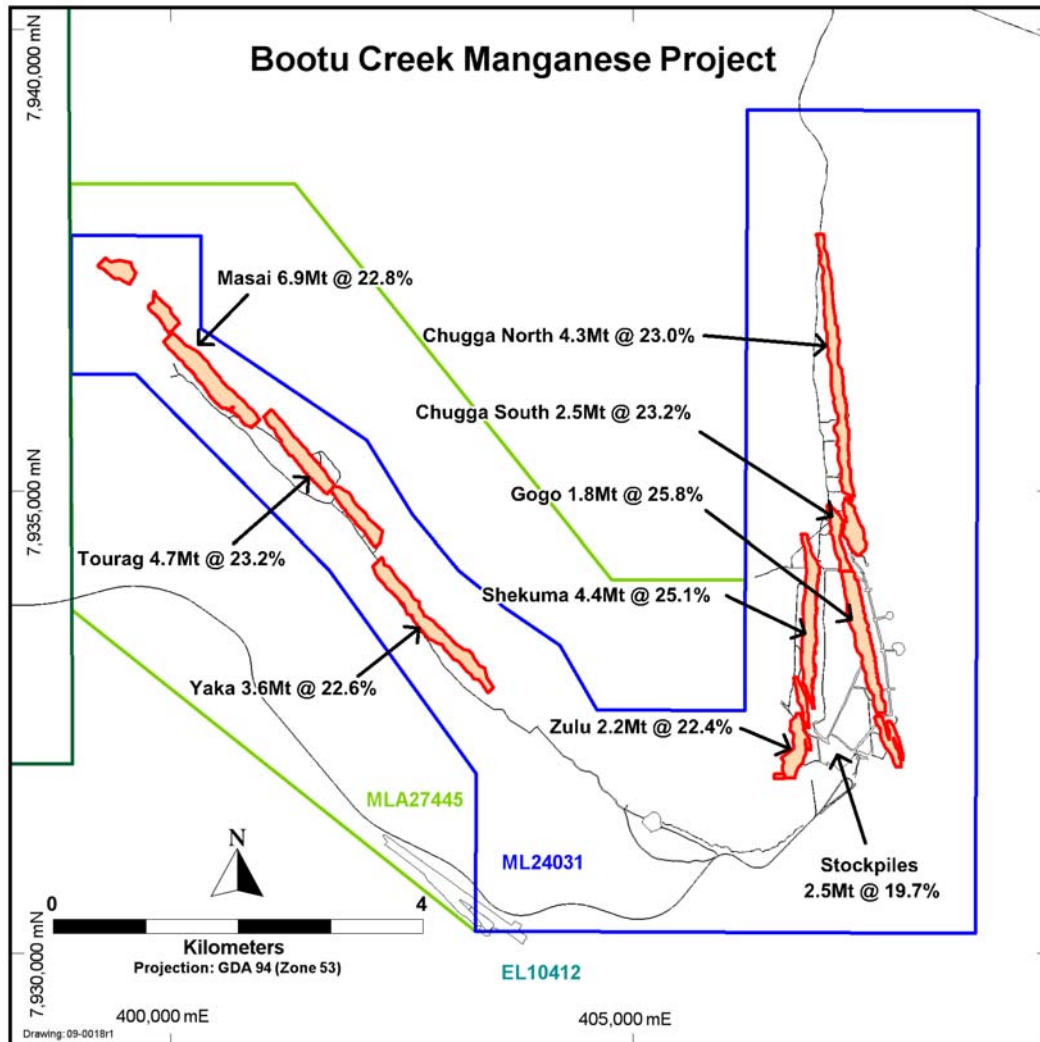
Tonnages are rounded to nearest 100,000 tonnes and percentage Mn grade to one decimal place.

The 2009 Bootu Creek Mineral Resource delineation drill program was restricted to incremental resource extensions down dip of Shekuma and south along strike at the Yaka deposit. New Mineral Resource models were estimated for both Shekuma and Yaka based on the 2009 infill and extension RC drill program of 7,920 metres (103 holes).

Mine production for 2009 included 1.96 million tonnes at 23.1% Mn (ROM ore) and 0.47 million tonnes at 16.2% (low grade ore) for a combined production total of 2.43 million tonnes at 21.8% Mn.

Mine production from Chugga South, Chugga North, Gogo, Tourag and Xhosa deposits were depleted from existing Mineral Resource models by intersecting with surveyed pit outlines at 31 December 2009. Mining of the Xhosa pit was completed in November 2009 and minor remnants of that deposit were excluded from the 31 December 2009 Mineral Resource estimate.

**Figure 1. Location of Bootu Creek Manganese Project - Mineral Resources**



The ore body dips average around 30° (range between 15° and 45°) to the west on the eastern fold limb deposits and to the northeast on the western fold limb deposits. All Mineral Resources are located on Mineral Lease 24031.

### 31 December 2009 – Ore Reserve Update

The Bootu Creek 31 December 2009 Ore Reserve estimate was based on the optimised base case pit shells for Measured and Indicated Mineral Resources. The base case was set on a revised price modelled at US\$5.40 per Mn unit (A\$6.00/dmtu at AUD:USD 0.90 exchange rate) FOB Darwin, a revenue reduction of close to 24% driven by the sharp increase in the AUD:USD foreign exchange rate (up from 0.70 factor used in the 31 December 2008 model).

The Ore Reserve process included a 95% tonnes recovery factor (97.5% previously) and a 90% grade dilution factor (unchanged) as derived from the reconciliation of December 2008 Mineral Resource models against the survey adjusted mine production and mine claim grade for ROM ore delivered to the crusher during 2009.



**Table 4. Bootu Creek Manganese Project - Ore Reserve Summary as at 31 December 2009**

| Deposit:               | Proved     |             | Probable    |             | Combined*   |             |
|------------------------|------------|-------------|-------------|-------------|-------------|-------------|
|                        | Mt         | %Mn         | Mt          | %Mn         | Mt          | %Mn         |
| Chugga North           | 0.9        | 22.2        | 1.7         | 20.7        | <b>2.6</b>  | <b>21.2</b> |
| Chugga South           | 0.8        | 21.5        | 0.9         | 20.4        | <b>1.7</b>  | <b>20.9</b> |
| Gogo                   | 0.2        | 22.5        | 0.8         | 22.7        | <b>1.0</b>  | <b>22.7</b> |
| Masai                  | 1.5        | 21.0        | 2.6         | 21.0        | <b>4.1</b>  | <b>21.0</b> |
| Shekuma                | 0.5        | 23.3        | 2.6         | 23.0        | <b>3.1</b>  | <b>23.0</b> |
| Tourag                 | 0.7        | 21.8        | 2.0         | 21.6        | <b>2.7</b>  | <b>21.7</b> |
| Yaka                   | 0.4        | 22.1        | 0.9         | 22.0        | <b>1.3</b>  | <b>22.0</b> |
| Zulu                   | 0.7        | 20.4        | 0.8         | 20.1        | <b>1.5</b>  | <b>20.2</b> |
| <b>Insitu Reserve*</b> | <b>5.7</b> | <b>21.6</b> | <b>12.3</b> | <b>21.6</b> | <b>18.0</b> | <b>21.6</b> |
| ROM Stocks             | 0.7        | 16.0        |             |             | <b>0.7</b>  | <b>16.0</b> |
| SPP Stocks             | 1.8        | 21.2        |             |             | <b>1.8</b>  | <b>21.2</b> |
| <b>Total Reserve*</b>  | <b>8.2</b> | <b>21.1</b> | <b>12.3</b> | <b>21.6</b> | <b>20.5</b> | <b>21.4</b> |

\* Rounding may give rise to unit discrepancies in this table

The overall reduction of 1.9 million tonnes of Ore Reserve since 31 December 2008 has been affected by a number of underlying factors summarised below.

The 31 December 2008 Ore Reserve was extended by:

- Revising the Mineral Resource cut-off grade downward from the 18% Mn quoted previously to the 15% Mn currently being used in practice;
- Adding ore stocks, with a cut-off grade of >15% Mn previously classified as low grade stocks;
- Adding secondary stocks including the washed and screened fines stockpile and material on the rejects stockpile intended for processing through the secondary processing plant; and
- Incremental extensions of the Mineral Resource models for Shekuma and Yaka, as delineated by 2009 drill program.

The 31 December 2009 Ore Reserve was contracted by:

- Application of revised (generally lower) bulk density regressions;
- Depleting 2009 mine production of 2.4 million tonnes at 21.8% Mn;
- Reducing the ore recovery factor to 95% (97.5% factor used previously); and
- Applying conservative price, foreign exchange rate, cost and yield parameters based upon historic results to date and projected forecasts to the base case optimisation process used to constrain the Ore Reserve pit shells.

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## Exploration

Based on the success of the 2008 program, the exploration budget for 2009 was reduced to A\$3 million with the focus on the outerlying Renner Springs and Helen Springs Projects together with minor extension and infill drilling of existing Mineral Resources.

These activities included:

- Interpretation of the regional aeromagnetic survey flown in late 2008;
- Flying detailed aerial photography;
- Structural and geological mapping programs at both regional and detailed project scales over areas including the Renner Springs and Helen Springs projects;
- 2,826 metres of RC reconnaissance drilling on exploration licences; and
- 14,553 metres of resource delineation and exploration drilling on the Bootu Creek Mineral Lease ML 24031.

It is anticipated that a more expansive regional program will take place during 2010 primarily at the prospective Renner and Helen Springs Project areas with targets identified from the assessment of the detailed structural and geological mapping carried out during 2009. An initial budget of A\$4 million has been allocated for 2010 and will be varied according to the success of the program.

Yours faithfully  
**OM HOLDINGS LIMITED**

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

### **Mineral Resource Estimation Details**

New Mineral Resource estimates for Shekuma and Yaka deposits were completed by resource consultants Hellman and Schofield Pty Ltd based on data and a geological interpretation supplied by OM (Manganese) Ltd ("OMM"). Existing Mineral Resource model outlines for other deposits were depleted for mine production during 2009, updated using revised bulk density regressions and constrained by re-optimising the extent of Mineral Resources and Ore Reserve models.

Grades were modeled using a 3D Ordinary Kriging approach with searches aligned parallel to the strike and dip of the mineralisation. Bulk density was calculated by regression based on analysis of 366 waxed or waxed equivalent diamond drill core intervals.

The location, quantity and distribution of the current data were sufficient to allow the classification of Measured, Indicated and Inferred Mineral Resources. Search distances are consistent with previous work by consultants to OMM. Tonnes were rounded to the nearest 100,000 tonnes and grade to the nearest 0.1% Mn.

*The information in this report which relates to resources and reserves is based on information compiled by Mr Craig Reddell and Mark Laing, both full time employees of OM (Manganese) Ltd and who are Members of the Australasian Institute of Mining and Metallurgy, and modelling by Mr Robert Spiers a full time employee of Hellman and Schofield Pty Ltd and who is a Member of the Australian Institute of Geoscientists. Mr Reddell, Mr Laing and Mr Spiers have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Reddell, Mr Laing and Mr Spiers consent to the reporting of this information in the form and context in which it appears.*



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## 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 3,325km<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 the following strategic shareholding interests in ASX listed entities:

- A 15% shareholding in **Northern Iron Limited** (ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway;
- A 12% shareholding in **Shaw River Resources Limited** (ASX Code: SRR), a company presently exploring for manganese in Western Australia and Ghana; and
- A 10% shareholding in **Territory Resources Limited** (ASX Code: TTY), a company operating the Frances Creek iron ore mine in the Northern Territory.