

OM Holdings Ltd

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OM Holdings foresees no major impact on manganese operation from train derailment

OM Holdings (ASX: OMH) will continue production from the Bootu Creek Manganese Mine as normal, despite a train derailment which could impact the delivery of ore to customers over the next five to six weeks.

A Genesee & Wyoming Australia (GWA) freight train travelling towards Darwin was derailed on the Edith River Bridge north of Katherine on December 27, 2011 due to adverse wet conditions caused by Cyclone Grant.

The train was not carrying any of OM Holdings' manganese product.

A preliminary assessment indicates that the rail bridge can be repaired without replacing major structural piers and spans.

The recovery and repair program to reopen the track is expected to take about 30 days.

OM Holdings utilises four train services each week from GWA to transport manganese from the Muckaty Rail Siding to the Port of Darwin, where it is shipped to export markets.

The derailment is expected to impact on two of OM Holdings' scheduled export shipments over the next five to six weeks.

OM Holdings is in discussions with customers to manage any potential impact of the incident, with possibilities including utilising existing manganese product stockpiles at the company's stockpile and distribution centres in Northern and Southern China.

In addition, the seasonal slow down of ore purchasing activity by Chinese customers between mid-January and early February due to the Chinese New Year holiday season is expected to help mitigate the impact of the incident.

In the meantime, product from Bootu will be stockpiled on the mine and at the Muckaty rail siding, with raiing and shipping to resume once the rail line is reopened.

OM Holdings anticipates that about 6 shipments will be made from the Port of Darwin in the first quarter of 2012, in line with the mine's budgeted shipment schedule and previous first quarter shipments.

No long-term impacts to the company's revenue or take-or-pay obligations are expected from the incident.

Price: A\$0.825

Market Cap: A\$609.36M

1 Year Share Price Graph



Share Information

Code: OMH

Listing: ASX

52 week	High	Low
	A\$1.70	A\$0.73

Sector: Mining

Website: www.omholdingsltd.com

Company Synopsis:

OM Holdings Ltd (ASX:OMH) is listed on the Australian Securities Exchange.

Author:

Proactive Investors Australia

+61 (0)2 9280 0700

action@proactiveinvestors.com.au

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Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

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