
OMH Group announces manganese shipping performance

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Diversified commodity marketing, metals and mining house OM Holdings Limited has reaffirmed the financial and operating strengths of its Australian and Chinese businesses after reporting a strong quarterly shipping performance for three months to March 31st 2009.

In its March 2009 Quarterly Report, OMH reported high grade manganese ore shipments totaling 172,306 wet tonnes. Ore shipments were suspended during the December 2008 quarter, when the manganese ore market, like most commodity sectors, was severely impacted by the short term effects of the global financial crisis.

Mr Peter Toth CEO of OMH said that "Our production volumes and operating costs at Bootu Creek, which averaged AUD 6.84 per tonne for the March 2009 quarter, were influenced by several short term factors. These included planned processing plant shutdowns over the New Year period, trial processing of low grade mineralized ore, inclement wet weather conditions, opportunistic plant shutdowns for repairs and maintenance and additional mine development work. Actual C1 unit costs for the March quarter are not representative of normal steady state production, and for the rest of 2009 operating costs are forecast to be in line with the costs achieved in 2008."

Mr Toth said that this would largely be driven by the new optimized Bootu Creek mine plan developed for 2009-10 which is focused on ensuring maximum production flexibility and lowest cost production scenarios centered on grade, yield and recovery considerations. He added that "This mine plan, which is based on our updated Mineral Resource and Ore Reserve position announced during the Quarter, is aimed at minimizing cost and maximizing short and long term value in the context of changing market dynamics."

As reported during the quarter, the highly successful 2008 exploration program at Bootu Creek resulted in a 72% increase in total Mineral Resources to 30.6 million tonnes at 24.1% Mn with Ore Reserves more than doubling to 22.4 million tonnes at 22.1% Mn. This landmark upgrade, by far the most significant in the operating history of the Bootu Creek mine, has successfully extended the life-of-mine plan based on the Mineral Resource inventory to approximately 15 years based on the actual 2008 ore mining rate of 2 million tonnes per annum.

During the Quarter, construction commenced on the new AUD 12.6 million rejects re treatment plant at Bootu Creek, which is being internally funded from operating cash flows. The additional production capability from commissioning of this facility will enable production to reach an annualized rate of 900,000 tonnes heading into 2010.

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