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

Dear Sir/Madam

OM MATERIALS (SARAWAK) SDN BHD HAS AGREED TO ISSUE UP TO 450 MILLION CONVERTIBLE PREFERENCE SHARES TO OM MATERIALS (SINGAPORE) PTE LTD AND SAMALAJU INDUSTRIES SDN BHD FOR A TOTAL CONSIDERATION OF RM 450 MILLION

The Board of OM Holdings Limited (“OMH” or “the Company”) is pleased to advise that its subsidiary, OM Materials (Sarawak) Sdn. Bhd. (“OM Sarawak”) has today agreed to issue up to an aggregate of 450 million Convertible Preference Shares (“CPS”) to its wholly owned subsidiary, OM Materials (S) Pte Ltd (“OMS”) and Samalaju Industries Sdn. Bhd. (“SISB”) for a total consideration of RM 450 million (equivalent to approximately A\$151,394,385¹). SISB is a wholly owned subsidiary of Cahya Mata Sarawak Berhad (“CMSB”).

The issue of up to 450 million CPS will strengthen the financial position of OM Sarawak and allow the Sarawak Project (which is a globally significant ferro-alloy smelting facility in Sarawak, Malaysia) to move on to its next phase of development activities as well as to meet its financial obligations on a timely basis

The key terms of the CPS are as follows:

1.	Issuer	OM Sarawak
2.	Investors	(i) SISB (ii) OMS
3.	Instrument	CPS which are convertible into new ordinary shares in OM Sarawak (“OM Sarawak Ord Shares”) in the manner set out below.
4.	Par value per CPS	RM0.10
5.	Issue size	Up to RM450,000,000 in value in aggregate comprising up to 450,000,000 CPS of par value RM0.10 each to be issued as follow: <ul style="list-style-type: none">• to SISB, up to 300,000,000 CPS; and• to OM, up to 150,000,000 CPS.
6.	Issue Price payable per CPS	RM1.00 (equivalent to approximately A\$0.34 each ²)
7.	Form and denomination	Each CPS shall be issued in registered form and in multiples of par value RM0.10 per CPS

¹ Based on the MYR/AUD conversion rate as at the date of this ASX announcement.

² Based on the MYR/AUD conversion rate as at the date of this ASX announcement.



8.	Ranking	The CPSs to be issued shall be unsecured and shall as between each CPS, rank pari passu in all respects and without discrimination or preference, but as between the CPSs and any OM Sarawak Ord Shares, shall rank in priority where in the event of any liquidation, dissolution or winding up of OM Sarawak (including a merger or consolidation and a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of OM Sarawak) (" Liquidation Event "), the Issue Price plus accrued dividends attributable to the CPSs shall be first paid from the proceeds of the Liquidation Event.
9.	Maturity Date	The CPSs will mature on the date which is ten (10) years from the date of issuance of the CPSs to SISB and OMS
10.	Dividend	<p>The CPSs will bear a cumulative fixed dividend rate of 6.5% per annum on the Issue Price (compounded annually).</p> <p>If any conversion of the CPSs occurs in between dividend payment dates, dividends accrued up to and including the date of conversion shall be payable.</p> <p>Any dividend not paid for a financial year shall be cumulative and payable in arrears in subsequent financial years.</p> <p>Any dividends that remain unpaid at the Maturity Date shall be automatically converted into OM Sarawak Ord Shares at the Conversion Price (defined in item 12 below).</p>
11.	Conversion Rights	The CPSs will be convertible into OM Sarawak Ord Shares at any time on the date which is five years after the issue date of the CPSs. The CPSs will not be convertible prior to this date.
12.	Conversion Price	<p>The CPS shall be converted into new OM Sarawak Ord Shares at RM1.00 per OM Sarawak Ord Share with the surrender of the CPS to OM Sarawak without any additional cash consideration. One (1) CPS shall be converted into one (1) new OM Sarawak Ord Share.</p> <p>SISB shall give 90 days' prior written notice to OMS of its intention to convert the CPSs held by it into OM Sarawak Ord Shares and OMS must purchase (and SISB must sell) such number of CPSs as is necessary to ensure that OMS retains the same 75% holding of OM Sarawak Ord Shares following the conversion of CPSs by SISB described in the notice received from SISB. The purchase price will equal the aggregate Issue Price of the CPSs being acquired by OMS plus any accrued dividends on such CPSs.</p>
13.	Redemption	The CPS shall not be redeemable. Any outstanding CPS not converted to OM Sarawak Ord Shares at the Maturity Date shall be automatically converted by OM Sarawak at the Conversion Price.
14.	Listing	The CPSs (and any OM Sarawak Ord Shares into which such CPSs are converted) shall not be listed on any stock exchange
15.	Call Option	At any time after the 2 nd anniversary of the entry into the Subscription Agreement, OMS shall have the option to purchase (and SISB shall have the obligation to sell to OMS) such number of CPS held by SISB which is necessary to ensure that the ratio



		of CPSs held by OMS and SISB mirrors the ratio of OM Sarawak Ord Shares held by them as at the date of entry into the Subscription Agreement at a purchase price equal to the aggregate Issue Price of the CPSs being acquired by OMS plus any accrued dividends on such CPS's.
16.	Voting rights	<p>The CPS holders shall not be entitled to voting rights except where there is a proposal to:</p> <ol style="list-style-type: none">(1) alter, modify, reduce or in any way change the capital structure of OM Sarawak that disproportionately and adversely affects the rights attached to the CPS;(2) make any material change in the business of OM Sarawak;(3) liquidate, dissolve or wind up the affairs of OM Sarawak;(4) amend, alter, or repeal any provision of OM Sarawak's Memorandum and Articles of Association in a way that disproportionately and adversely affects the CPS; or(5) create or authorise the creation of or issue any other securities that would rank equal to or higher than the CPS in a liquidation, dissolution or winding up of OM Sarawak.
17.	Shareholders' Agreement	The Investors shall not have any rights under the existing shareholders' agreement between OMS and SISB as a result of holding the CPS
18.	Participation in surplus assets and profits	The CPS holders shall not be entitled to participate in profits and surplus assets in a winding up or upon reduction of capital of OM Sarawak
19.	Governing law	Malaysian law

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary



BACKGROUND PROFILE OF OM HOLDINGS LIMITED

OMH Holdings Limited (OMH) was listed on the ASX in March 1998 and has its foundations in metals trading – incorporating the sourcing and distribution of manganese ore products.

OMH is involved in mining manganese product in Australia and South Africa and smelting in Sarawak, East Malaysia.

The smelter in Sarawak is 75% owned by OMH and physical construction of Phase 1 of the ferrosilicon production facility has been completed.

Having commenced construction in Q3 2012, first tapping was achieved on 22 September 2014. The facilities' capacity of 308,000 tonnes per annum will make it one of the largest ferrosilicon smelters in the world. Manganese Alloy production is under review and is expected to commence in 2016.

OMH, through a wholly owned subsidiary, owns the Bootu Creek manganese mine in the Northern Territory. This mine has the capacity to produce up to 1,000,000 tonnes of manganese product per annum.

OMH also owns a 26% investment in Main Street 774 (Pty) Limited, which, in turn owns 50.1% interest in the world class Tshipi Borwa ("Tshipi") manganese mine in South Africa. This mine has the capacity to produce up to 2,400,000 tonnes of manganese product per annum when the permanent processing plant is completed.

The manganese products of Bootu Creek, and those from Tshipi, are exclusively marketed through the OMH's trading division and OM Tshipi Pte Ltd (33.33% owned) respectively. Through all these activities OMH has established itself as a significant manganese supplier to the global market.
