

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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

Dear Sir/Madam

DECEMBER 2016 QUARTERLY PRODUCTION AND MARKET UPDATE

The Board of OM Holdings Limited (“OMH” or “the Company”) is pleased to provide the following update.

HIGHLIGHTS

OPERATING PERFORMANCE

SMELTING: OM Materials (Sarawak) Sdn Bhd (75% owned smelter in Samalaju, East Malaysia)

- Production output of Ferrosilicon for the December 2016 quarter was 32,335 tonnes, a marginal increase of approximately 1% over the September 2016 quarter
- Average production output of 55.51 tonnes of ferrosilicon per furnace per day for the December 2016 quarter, which marginally exceeded the furnace design capacity of 55 tonnes per furnace per day thus achieving 100% full-utilisation rate
- Ferrosilicon sales of 38,421 tonnes were recorded for the December 2016 quarter
- Achieved hot commissioning and first tapping of silicomanganese from the first modified furnace on 18 December 2016
- A total of 876 tonnes of silicomanganese was produced and 222 tonnes was sold in the month of December 2016.

EXPLORATION AND MINING: OM (Manganese) Ltd (100% owned Manganese mine in Bootu Creek, Northern Territory, Australia)

- The Company’s wholly owned subsidiary, OM (Manganese) Ltd (“OMM”), executed a Deed of Company Arrangement with its creditors on 12 July 2016, which was subsequently effectuated on 24 August 2016. Management and control of OMM has been reverted back to its Directors
- The Bootu Creek Manganese mine is currently under care and maintenance and there was no mining and production activity carried out for the December 2016 quarter
- In late December 2016, OMM obtained the relevant approvals to re-start the Bootu Creek Manganese mine and work is currently in progress in preparation for commencement of mining activity during the first quarter of 2017

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OPERATING PERFORMANCE (CONT'D)

PROCESSING: OM Materials (Qinzhou) Co Ltd (100% owned smelter and sinter plant in Qinzhou, Guangxi Province, China)

- On 26 October 2016, The Company's wholly owned subsidiary, OM Materials (Qinzhou) Co Ltd ("OMQ") fired-up one furnace and resumed production of High Carbon Ferro Manganese ("HCFeMn") on 31 October 2016
- OMQ produced 5,337 tonnes and sold 5,688 tonnes of HCFeMn during the December 2016 quarter

MARKETING AND TRADING, AND MARKET UPDATE

- 337,070 tonnes of ores and alloys were transacted during the December 2016 quarter, a decrease of approximately 8.2% over the September 2016 quarter
- World crude steel production for 2016 reached 1,628.5 million tonnes, representing a 0.8% year-on-year increase
- China's crude steel production increased by 1.2% to 808.4 million tonnes in 2016, representing 49.6% of world production



OM MATERIALS (SARAWAK) SDN BHD (“OM Sarawak”)

OM Sarawak owns a Ferro Alloy Smelting Project in the Samalaju Industrial Park in Sarawak, Malaysia (the “Project”). The Project consists of 8 main workshops and a total of 16 units of 25.5 MVA furnaces, of which 10 furnaces are allocated for the production of ferrosilicon and 6 units will be modified to produce manganese alloy. Upon the completion of the modification, the Project will have a design capacity to produce 192,500 tonnes of ferrosilicon and 200,000 to 250,000 tonnes of manganese alloy per annum.

Commercial operation

During the December 2016 quarter, a total of 32,335 tonnes of ferrosilicon was produced, a marginal increase of approximately 1% over the September 2016 quarter. Total production output for ferrosilicon in FY2016 was 126,261 tonnes.

Continual efforts have been made to improve and refine the production efficiency of the furnaces. The plant achieved a production average of 55.51 tonnes per furnace per day in the December 2016 quarter. This has again exceeded the Company’s furnace design capacity of 55 tonnes per furnace per day thus achieving 100% full-utilisation rate.

For the December 2016 quarter, a total of 38,421 tonnes of ferrosilicon was sold, as compared to 34,882 tonnes for the September 2016 quarter, representing an increase of approximately 10.1% which the Company believes was largely due to the continued recovery in the ferrosilicon market in the Asia region and globally. OM Sarawak will continue to monitor the ferrosilicon market closely and ramp up the furnaces to its nameplate production capacity.

As previously announced, OM Sarawak has successfully achieved hot commissioning and tapping of silicomanganese in December 2016. A total of 876 tonnes of silicomanganese was produced and 222 tonnes was sold in December 2016.

PROCESSING

OM MATERIALS (QINZHOU) Co Ltd (“OMQ”)

Production from the Qinzhou smelter and sinter plant for the December 2016 quarter is summarised below:

	Dec 2016 Quarter	YTD 2016
Tonnes		
Production		
High Carbon Ferro Manganese (“HCFeMn”)	5,337	5,337
Mn Sinter Ore	0	0
Sales		
High Carbon Ferro Manganese (“HCFeMn”)	2,559	5,688
Mn Sinter Ore	0	0

Production

OMQ suspended production from its 2 furnaces in October 2015. On 26 October 2016, OMQ fired-up one of the two suspended furnaces and resumed production of HCFeMn on 31 October 2016. During the December 2016 Quarter, OMQ produced a total of 5,337 tonnes of HCFeMn.



Sales

During the December 2016 Quarter, OMQ secured sales of 5,688 tonnes of HCFeMn.

EXPLORATION AND MINING

On 15 December 2015, the mining operations at the Bootu Creek Manganese Mine (the "Mine") were suspended due to the significant fall in the manganese price. As announced to ASX on 4 January 2016, OMM was placed into voluntary administration on that date.

On 12 July 2016, OMM executed a Deed of Company Arrangement ("DOCA") with its creditors. The DOCA was subsequently effectuated on 24 August 2016 and the deed administration of OMM was consequently terminated in accordance with the DOCA terms. The day to day management and control of OMM has since reverted back to the directors of OMM since the DOCA effectuation date.

The Mine is currently under care and maintenance and there was no mining and production activity carried out in the December 2016 quarter.

In late December 2016, OMM obtained the relevant approvals to re-start the Mine and work is currently in progress in preparation for the commencement of mining activity during the first quarter of 2017.

MARKETING AND TRADING, AND MARKET UPDATE

During the December 2016 quarter, a total of 337,070 tonnes of ores and alloys was transacted, as compared to 367,230 tonnes for the September 2016 quarter, representing a decrease of approximately 8.2%.

According to Worldsteel, world crude steel production for 2016 reached 1,628.5 million tonnes, an increase of 0.8% from 2015. China's crude steel production increased by 1.2% to reach 808.4 million tonnes in 2016, representing 49.6% of world production.

In the December 2016 quarter, Metal Bulletin reported that prices of 44% Mn ore continued to soar to a high of US\$9.22/dmtu CIF China, before closing at US\$7.79/dmtu at the end of the 2016. This represented an increase of US\$2.59/dmtu from the previous quarter of US\$5.20/dmtu CIF China. This was the second significant consecutive increase in 2016.



OM Holdings Limited

CORPORATE

Tshipi é Ntle Manganese Mining (Pty) Ltd (“Tshipi”)

OMH has an effective 13% interest in Tshipi through its 26% strategic partnership with Ntsimbintle Mining (Proprietary) Limited, the majority (50.1%) owner of Tshipi.

Tshipi owns 2 manganese prospects in the world class Kalahari Manganese field, namely Tshipi Borwa and Tshipi Bokone.

Tshipi Borwa Manganese Mine

Tshipi exports for the December 2016 quarter totalled 643,856 tonnes (Q4 2015: 402,104 tonnes) representing a 60.1% increase from the corresponding quarter in 2015.

CAPITAL STRUCTURE

There were no movements in the share capital structure of the Company during the quarter ended 31 December 2016. As at 31 December 2016, the Company had 733,423,337 ordinary shares, 25,000,000 convertible notes and 31,200,000 unlisted warrants on issue.

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 metal materials trading – specializing in the sourcing and distribution of manganese ore and ferroalloys.

OMH is involved in mining manganese ore in Australia and South Africa, smelting in Sarawak, East Malaysia and Qinzhou in China, and the distribution of these materials to downstream users.

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

Construction of the smelter in Sarawak commenced in Q3 2012 and the first tapping of ferrosilicon was achieved on 22 September 2014. The facility consist of 16 units of 25.5 MVA furnaces, of which 10 furnaces are allocated for the production of ferrosilicon and 6 units will be modified to produce manganese alloy. Upon completion of the modification, the Project will have a design capacity to produce 192,500 tonnes of ferrosilicon and 200,000 to 250,000 tonnes of manganese alloy per annum.

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 OMH’s trading division, OM Materials (S) Pte Ltd, 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.