

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

MARCH 2017 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

OVERVIEW

The various business units of the Company are making good progress in their operations and Management is of the opinion that the Company is on track for the achievement of its strategic and operations objectives

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

- Production output for the March 2017 quarter was 38,272 tonnes of ferrosilicon (“FeSi”) and 19,435 tonnes of manganese alloy comprising silicomanganese (“SiMn”) and high carbon ferromanganese (“HCFeMn”)
- Achieved hot commissioning and first tapping of HCFeMn from the second modified furnace occurred on 14 January 2017
- Average daily production output of approximately 58 tonnes, 102 tonnes and 129 tonnes of FeSi, SiMn and HCFeMn respectively per furnace for the March 2017 quarter
- A total of 41,319 tonnes of FeSi and 13,974 tonnes of manganese alloy were sold during the March 2017 quarter

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

- The relevant approvals to re-start the Bootu Creek manganese mine were obtained in late December 2016 and mining activity commenced in the middle of February 2017 and ore production was achieved just two weeks later
- Manganese ore production with an average grading of 35.96% for the quarter ended 31 March 2017 was 97,148 tonnes
- Manganese ore shipments with an average grading of 36.07% for the quarter ended 31 March 2017 was 60,688 tonnes

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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)

- Repair works on the filter system at the sinter plant of the Company's wholly owned subsidiary, OM Materials (Qinzhou) Co Ltd ("OMQ") was completed and production of manganese sinter ore resumed in the middle of February 2017
- OMQ produced 8,266 tonnes of manganese alloy and 11,452 tonnes of manganese sinter ore, and sold 8,941 tonnes of manganese alloy and 5,774 tonnes of manganese sinter ore for the quarter ended 31 March 2017

MARKETING AND TRADING, AND MARKET UPDATE

- 163,080 tonnes of ores and alloys were transacted during the March 2017 quarter
- World crude steel production for the March 2017 quarter was 410.2 million tonnes, representing a 6.1% quarter-on-quarter increase
- China's crude steel production between January to March 2017 amounted to 200.8 million tonnes, representing a 4.7% quarter-on-quarter increase



OVERVIEW

The various business units of the Company are making good progress in their respective operations and there is good interaction and coordination at the corporate level. Barring unexpected changes in the business environment, the Management is of the opinion that the Company is on track for the achievement of its strategic and operational objectives.

SMELTING

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 (“FeSi”) 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 approximately 170,000 to 200,000 tonnes of FeSi and 250,000 to 300,000 tonnes of manganese alloy per annum.

Commercial operation

For the period ended 31 March 2017, a total of 10 furnaces were in operation with 8 furnaces producing FeSi and 2 furnaces producing manganese alloy. The plant produced a total of 38,272 tonnes of Fesi and 19,435 tonnes of manganese alloy in the current quarter. As previously announced, OM Sarawak had successfully achieved hot commissioning and tapping of the second modified furnace on 14 January 2017, and a total of 11,985 tonnes of high carbon ferromanganese (“HCFeMn”) was also produced in the March 2017 quarter. The 38,272 tonnes of Fesi produced represented an increase of approximately 18% over the December 2016 quarter as a result of an additional FeSi furnace in operation during the current quarter, and a substantial increase of approximately 25% over the March 2016 quarter.

Production efficiency of the Fesi and SiMn furnaces currently in production continues to improve. The furnaces achieved a production average of approximately 58 tonnes and 102 tonnes per day for Fesi and SiMn respectively for the March 2017 quarter. This has again exceeded the Company’s furnace design capacity of 55 tonnes and 100 tonnes per furnace per day for Fesi and SiMn respectively, thus achieving 100% full-utilisation rate. The HCFeMn furnace only started production on 14 January 2017 and is still in the process of stabilisation, but was able to produce approximately 129 tonnes per furnace per day for the March 2017 quarter.

For the March 2017 quarter, a total of 41,319 tonnes of Fesi and 13,974 tonnes of manganese alloy was sold, as compared to 38,421 tonnes and 222 tonnes of Fesi and manganese alloy respectively in the December 2016 quarter. The increase in the volume of manganese alloy sold was mainly due to the ramp up of the two modified manganese alloy furnaces which resulted in an increase in production volume in the current quarter.

Sales of FeSi achieved for the March 2017 quarter was the highest volume sold since the first tapping of FeSi in September 2014.

The modification of the balance 4 furnaces for the production of manganese alloy is currently in progress and is expected to be completed in the middle of 2017.

PROCESSING

OM MATERIALS (QINZHOU) Co Ltd (“OMQ”)

Production

OMQ resumed its production of manganese sinter ore in the middle of February 2017 following the completion of repair works on the sinter plant’s filter system. During the March 2017 quarter, OMQ produced a total of 8,266 tonnes of manganese alloy and 11,452 tonnes of manganese sinter ore.



Sales

During the March 2017 quarter, OMQ secured sales of 8,941 tonnes of manganese alloy and 5,774 tonnes of manganese sinter ore.

EXPLORATION AND MINING **OM (MANGANESE) LTD (“OMM”)**

Production at the Bootu Creek Manganese mine (the “Mine”) commenced in late February 2017 and production for the March 2017 quarter is summarised below:

| | Unit | March 2017 quarter | YTD 2017 | March 2016 quarter |
|------------------------------------|-----------|--------------------|---------------|--------------------|
| Mining | | | | |
| Total Material Mined | bcms | 793,756 | 793,756 | - |
| Ore Mined – tonnes | dt | 188,494 | 188,494 | - |
| Ore Mined – Mn grade | % | 21.81 | 21.81 | - |
| Production | | | | |
| Lumps – tonnes | dt | 62,185 | 62,185 | - |
| Lumps – Mn grade | % | 35.85 | 35.85 | - |
| Fines/SPP – tonnes | dt | 34,965 | 34,965 | - |
| Fines/SPP – Mn grade | % | 36.38 | 36.38 | - |
| Total Production – tonnes | dt | 97,150 | 97,150 | - |
| Total Production – Mn grade | % | 35.96 | 35.96 | - |
| Sales | | | | |
| Lumps – tonnes | dt | 36,589 | 36,589 | - |
| Lumps – Mn grade | % | 35.94 | 35.94 | - |
| Fines/SPP – tonnes | dt | 24,099 | 24,099 | - |
| Fines/SPP – Mn grade | % | 36.27 | 36.27 | - |
| Total Sales – tonnes | dt | 60,688 | 60,688 | - |
| Total Sales – Mn grade | % | 36.07 | 36.07 | - |

Mining

In late December 2016, OMM obtained the relevant approvals to re-start the Mine. Mining activity commenced in the middle of February 2017. During the March 2017 quarter, a total of 0.8 million bcms of material was mined including 188,494 tonnes of ore. Mining activities were concentrated across the Chugga North, and GoGo deposits.

Concentration of the mining fleets within the eastern limb of the Bootu Creek Syncline will add further efficiency and unit cost improvements within the mining operation given the deposit's relative proximity to the processing plant, mining workshop and associated infrastructure.

Higher grade ores from the Chugga South, GoGo and Shekuma deposits will continue to form the basis of plant feed for the medium term adding to expected improved processing plant mass yields.

Processing

The first ore was processed in late February 2017 and the Mine achieved ore production of 97,150 tonnes for the March 2017 quarter at an average grade of 35.96% Mn.



Logistics

During the March 2017 quarter, a total of 60,688 tonnes of manganese product was exported through the Port of Darwin in two vessels.

Unit operating costs

The C1 unit cash operating cost for the March 2017 quarter was A\$3.40/dmtu (US\$2.60/dmtu). There was no comparative C1 unit cash operating cost for the quarter ended 31 March 2016 as OMM was in voluntary administration with no mining and production activities during that period.

MARKETING AND TRADING UPDATE

During the March 2017 quarter, a total of 163,080 tonnes of ores and alloys was transacted.

According to Worldsteel, world crude steel production for the March 2017 quarter was 410.2 million tonnes, representing a 6.1% quarter-on-quarter increase. China's crude steel production increased by 4.7% to reach 200.8 million tonnes between January to March 2017.

Metal Bulletin reported that prices of 44% Mn ore closed at US\$5.21/dmtu at the end of March 2017. This represented a decrease of US\$2.58/dmtu from the previous quarter of US\$7.79/dmtu CIF China and is mainly due to a correction of the market index price to a more sustainable level after the price spike in the last quarter of 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 a manganese prospect in the world class Kalahari Manganese field, namely Tshipi Borwa.

Tshipi Borwa Manganese Mine

Tshipi exports for the March 2017 quarter totalled 546,497 tonnes (Q1 2016: 178,198 tonnes) representing a 206.7% increase from the corresponding quarter in 2016.

CAPITAL STRUCTURE

There were no movements in the share capital structure of the Company during the quarter ended 31 March 2017. As at 31 March 2017, 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