OM HOLDINGS LIMITED

(incorporated in Bermuda) A.R.B.N 081 028 337



ANNUAL REPORT 2015

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Chairman and Chief Executive Officer's Report

Our smelting project at Sarawak is shaping up to be a strong asset, resilient in the face of volatility.



Dear Shareholders,

2015 has turned out to be one of the most severe and challenging years for commodity markets in recent history, with prices coming under tremendous downward pressure across several classes of commodities types. The highly correlated nature of price movements showed that they were in part driven by the larger commodity cycle. Within our markets, these trends were influenced by several key factors. China slowed down to below 7% growth, and its steel supply overhang, while partially addressed, remains excessive relative to demand. Consequently it continues to affect global markets. Credit remains tight in the commodity space especially in steel and energy related sectors. Last but not least, China's gradual easing of support to allow unprofitable firms to default meant that some firms faced real default risks at the end of 2015. The ripples caused by such distress meant that across the spectrum market participants chased cash instead of returns, driving prices to their logical conclusion.

Chairman and Chief Executive Officer's Report

Our markets

Against the backdrop of this cyclical downturn, 2015 also saw strong supply side corrections coupled with inventory run-down, and in the case of China this is especially visible in the private sector, unhampered by public sector considerations. With anxiety abound and no end in sight to downward price pressure, buyers reschedule purchases, causing a vicious cycle where price and inventory race for the bottom. This reached unsustainable levels at the end of 2015 for both ores and alloys. Manganese ore port inventory at the end of 2015 was forecasted to fall below the levels required to sustain already depressed alloy production. Exhausted inventory levels and a mismatched restocking cycle will pave the way for recovery in 2016, and already we have seen upward price correction at the start of 2016. Demand and supply will continue to seek a new equilibrium and until it is found markets will remain volatile.

According to Worldsteel, the 2015 global crude steel production number fell by 2.6% to 1,597 million tonnes. In line with its stated production reduction goals and in part due to market pressure, China's steel output fell by 19 million tonnes to 804 million tonnes. China released its latest five-year plan at the end of 2015, committing to restructure its economic model and proposing a required growth rate of 6.5% over the five-year period ending 2020 in order to build a "moderately prosperous society". Plans include battling pollution caused by heavy industries, as well as addressing overcapacity in these industries. Steel demand remains weak, but has found some stability in the first quarter of 2016.

The 2015 International Manganese Institute annual report is expected to report a significant reduction of world production of manganese ore. With the cyclical downturn seeing manganese ore prices falling well below operating cost levels, this supply response to price pressure is a positive development and we expect high cost marginal suppliers to exit the market. According to the Metal Bulletin index, prices of manganese ore have been on the decline throughout 2015, falling from USD 3.85/dmtu in Q1 2015 to USD 1.85/dmtu at the lowest before recovering to USD 3.88/dmtu at the end of March 2016.

Ferrosilicon experienced a similar price trajectory, with Chinese suppliers practicing supply discipline and small unprofitable smelters exiting the market, leading the way to more sustainable pricing.

What we did in 2015

Our smelting project at Sarawak is shaping up to be a strong asset, resilient in the face of market volatility given its long-term cost fundamentals: competitive and sustainable hydro-power, as well as being well positioned to both consumers and suppliers. The project will bring new challenges to traditional players in both manganese ore and alloy markets, disrupting existing supply chains and creating a new ore market for manganese miners looking to reduce their dependency on China. For ferrosilicon consumers, it presents a highly visible and reliable alternative to more reticent traditional supply sources that have historically been affected by domestic risk factors.

Consequently, the Project enjoyed significant coverage and interest from publications industry, and after a presentation at the 31st International Ferroalloy Conference in Prague at the end of 2015, Metal Bulletin organized a field trip to Sarawak in March 2016 in conjunction with the 17th Asian Ferroalloys Conference held in Singapore.

As projected this time last year, at the end of Dec 2015 all eight workshops (two furnaces to one workshop) of the project have been tested and cold commissioned. While six workshops were in operation at the end of 2015, in response to market conditions and in preparation to commence our plan for conversion to manganese alloy production, three workshops have been shut down for conversion, pending final approval from the project lenders. Two workshops will commence commercial production once market conditions improve. Throughout 2015, modifications were made continuously to adapt to the local production environment, and these resulted in significant net savings and operational efficiency improvements.

During the year, 104,554 tonnes of ferrosilicon was produced and exported to various customers around the world. Given its location, OM Sarawak focuses on marketing to anchor customers in the East Asian market, while simultaneously leveraging its location between major shipping routes to achieve better returns in times of temporary market dislocation.

The success we achieved in successfully ramping up production and overcoming initial hurdles is due entirely to our dedicated management and staff, as well as our committed partner Cahya Mata Sarawak Berhad.

Chairman and Chief Executive Officer's Report

The decisions made in 2014 for our Bootu Creek Mine and Qinzhou smelter were re-visited and evaluated again in 2015, and we carried through with our stated plans of continuing the cost reduction process for Bootu Creek Mine and restarting Qinzhou in the middle of 2015.

In 2015, Bootu Creek produced 760,870 tonnes of manganese ore with an average Mn content of 35.71%, at a C1 cash cost of A$3.23/dmtu for the year, down from A$4.12/dmtu in 2014 when we commenced the transition to owner-operated production model. In spite of the hard work and realized cost savings, the decision to suspend operations was made on 15th December 2015 against the backdrop of continued manganese ore price uncertainty. Over the 2015 financial year, 639,051 tonnes of ore was exported from Darwin.

The Tshipi Borwa mine exported a total of 1,826,973 tonnes of manganese ore in 2015, marketed solely by OM Tshipi (S) Pte Ltd to dedicated end users around the world. Construction on the primary crushing circuit for a larger processing plant was also completed in the middle of the year.

Our Qinzhou smelter in China restarted production on schedule after completing maintenance during the high power cost season, in line with our expectations this time last year. Taking advantage of market conditions, the smelter was in operation for 5 months in 2015, producing 18,551 tonnes of ferro alloy with sales of 21,468 tonnes. During downtime the Qinzhou setup also performs the secondary function of advising and supplying our new plant at OM Sarawak, offering technical solutions and exporting specialized machinery and equipment, utilizing the experience built up over years of operation.

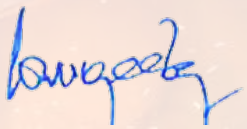
Overall marketing presence was maintained in the Chinese manganese ore market, where we accounted for 11.2% of China's total seaborne manganese ore imports. In terms of ferrosilicon distribution, we were able to penetrate all major ferrosilicon markets in the first year of marketing, diversifying our previously China-dependent revenue.

2016 and beyond

Our immediate focus remains on the ramping up of all 16 furnaces at Sarawak and establishing a good production balance between silicon and manganese alloys, targeting to be the lowest cost for our end users. In the longer run, we will continue to explore the possibility of venturing into higher value products such as metallic silicon for diversification and to generate greater returns. The overall smelting strategy will be reviewed, to ensure that our existing smelter in China will be able to complement Sarawak in terms of technical capabilities and market coverage in different jurisdictions. The overall strategy will give tremendous flexibility to the company to realize the greatest return from manganese and silicon alloys by optimizing production mix and distribution.

Manganese ore remains a core business in spite of headwinds, and we are confident of continued long term opportunities in our markets. We look to extract remaining value from OMM post administration, with a view to commence operations when market conditions return to sustainable levels. To prepare for this we have run our feasibility studies and plans are in place to restart once the restructuring process is complete.

Our partners and stakeholders have been very supportive even under the current market environment, and we have continued to forge strong ties with them. We will continue engaging them as part of our corporate strategy to restructure short and long term debts in order to strengthen our financial position and improve liquidity in order to tide over the current challenging conditions. The past year has been a difficult one, and we are immensely grateful to our staffs, shareholders, partners, and bankers for their patience and continued support for the OM Group.



LOW NGEE TONG
Executive Chairman

Directors



Low Ngee Tong
Executive Chairman

Mr Low is a qualified Mechanical Engineer, having graduated from the National University of Singapore. He has over 36 years of experience in the steel, ferro alloy and building materials industries in Asia. That experience was gained with Chiyoda Limited, a global Japanese civil engineering group, Intraco Limited, Intraco Resources Pte Limited, and C Itoh Limited, a significant Japanese metals trading house. Mr Low has demonstrated an excellent network for marketing in China. He was the Chief Executive Officer of OMH since its incorporation and subsequent listing in 1998. In October 2008, Mr Low became the Executive Chairman of OMH. Mr Low's business relationships and reputation with several large multinational corporations in Asia have enabled OMH to successfully establish its profitable operations based in Singapore and extending to China and Australia.



Zainul Abidin Rasheed
Independent Deputy Chairman

Mr Zainul Abidin graduated with a Bachelor of Arts (Honours) in Economics and Malay Studies from the University of Singapore. Mr Zainal was, until 2011, a Member of Parliament (from 1997) and served as Senior Minister of the State for the Ministry of Foreign Affairs of the Government of Singapore, a position he held since 2006. Prior to becoming a politician, Mr Zainul Abidin had an outstanding career in journalism which included the positions of Editor of Berita Harian, The Singapore Business, The Sunday Times and Associate Editor of The Straits Times.

Mr Zainul currently serves as the Ambassador to Kuwait (Non-Resident) and the Foreign Minister's Special Envoy to the Middle East.

Mr Zainul served numerous government agencies, councils and civil organizations including Executive Secretary of the Singapore Port Workers' Union, a member of the Board of Directors of the Port of Singapore Authority, President of the Singapore Islamic Religious Council, Chairman of the Malay Heritage Foundation, Chief Executive Officer of the Council for the Development of the Malay/Muslim Community (MENDAKI), the Council for Security Co-operation in the Asia Pacific, the National University of Singapore Council as well as being the Patron of the Singapore Rugby Union and Adviser to the Hockey Federation. Mr Zainul is a currently a member of the New York-based Asia Society Global Council and Corporate Adviser to Singapore's Temasek International Pte Ltd.

Mr Zainul Abidin is a member of the Company's Audit and Remuneration Committee.



Julie Anne Wolseley
Non-Executive Director
& Joint Company Secretary

Ms Wolseley holds a Bachelor of Commerce degree and is a Chartered Accountant. She is the Principal of a corporate advisory company and has over 24 years of experience as Company Secretary to a number of ASX-listed companies operating primarily in the resources sector. Previously Ms Wolseley was an Audit Manager both in Australia and overseas for an international accounting firm. Her expertise includes corporate secretarial, management accounting, financial and management reporting in the mining industry, IPOs, capital raisings, cash flow modelling and corporate governance. Ms Wolseley is also a Member of the Australian Institute of Company Directors and has been the Joint Company Secretary of OMH since 2001. She was appointed as a Non-Executive Director on 24 February 2005.



Tan Peng Chin
Independent Non-Executive Director

Mr Tan Peng Chin was the founder, managing director and consultant of Tan Peng Chin LLC until he retired from the firm on 31 December 2015. Mr Tan's legal expertise includes corporate finance, banking, company and commercial laws, international trade, joint ventures and issues concerning shareholders. In addition, Mr Tan had acted in numerous complicated cross border transactions in the course of his legal career spanning more than 35 years. Mr Tan had served as Independent Director in numerous listed companies since 1996.

He was also a member of the Institutional Review Board of the Singapore National Cancer Center from 2007 to 2014. Mr Tan was instrumental in setting up and is currently the Chairman of Clarity Singapore Limited, a charity under the auspices of Caritas (the Catholic Church) to assist persons suffering from mental illnesses. Mr Tan had also volunteered with various charities including Christian Outreached for the Handicapped and the Roman Catholic Prison Ministry.

With his board experience in various companies in Asia and his legal expertise, Mr Tan is able to assist the Company in its strategic pursuits. He has been a Non-Executive Director since 14 September 2007. Mr Tan is the Chairman of the Remuneration Committee.

Directors



Thomas Teo Liang Huat
Independent Non-Executive Director

Mr Teo holds a Master of Business in Information Technology from the Royal Melbourne Institute of Technology and a Bachelor of Accountancy degree from the National University of Singapore. He is also a fellow member of the Institute of Singapore Chartered Accountants. Mr Teo is the Chief Financial Officer of G.K. Goh Holdings Limited, a Singapore-listed group involved primarily with investment holdings and the provision of financial-related services. Mr Teo's executive responsibilities extend to financial and investment management as well as being a representative on various subsidiaries and associates. Mr Teo joined the Board on 17 July 2008. Mr Teo is the Chairman of the Audit Committee and a member of the Remuneration Committee.



Peter Church OAM
Independent Non-Executive Director

Mr Church is an Australian commercial lawyer who resides in Singapore. Mr Church has had a career spanning more than 30 years encompassing significant experience throughout South East Asia and India, including providing legal and corporate services on numerous regional projects including many in the resources sector. Mr Church was a senior partner with the leading Australian and regional law firm now known as Herbert Smith Freehills, and was its Asian Regional Managing Partner at the time he retired from the firm.

Mr Church holds a Bachelor of Commerce (from the University of New South Wales) a Bachelor of Laws (from the University of Sydney) and a Master of Laws (from the University of London). Mr Church is also a fellow of the Australian Institute of Company Directors.

In 1994 Mr Church was awarded the Medal of the Order of Australia (OAM) by the Australian Government for his promotion of business between Australia and South East Asia. Presently, Mr Church is the Chairman of AFG Venture Group, an Australian and Asia corporate advisory firm with various activities throughout Australia, South East Asia and India. He is also Special Counsel to Stephenson Harwood, an English law firm with operations in multiple jurisdictions including London, Hong Kong and Singapore. Mr Church is also a non-executive director of a number of corporations and not for profit organizations, including the Singapore International Chamber of Commerce.

Mr Church joined the Board on 12 December 2011.

Mr Church is a member of the Audit Committee. Mr Church is viewed as having substantial legal, corporate and business experience enabling him to make a strong strategic contribution to the Company.



Ivo Philipps
Non-Executive Director

Mr Philipps works for Standard Chartered bank where he heads up the mezzanine finance business. He is based in Singapore and works with clients across Asia, Africa and the Middle East. Prior to joining Standard Chartered Bank he worked for Barclays Bank, based in London.

Mr Philipps holds a MBA from INSEAD and a Bachelor of Commerce degree in Economics and Politics from the University of Bristol in the U.K.

He was appointed as a Non –Executive Director of OMH on 20 May 2014.

Key Management

NAME	POSITION
Heng Siow Kwee	Group HR Director, Managing Director, OMS
Betty Tan	Group Financial Controller, OMH
Eugene Tan	Financial Controller, OMH
Edward Young	Director, Trades & Logistics, OMS
Don Heng	Director, Logistics, OMS
Tan Meng Khong	Director, Resources, OMS
Lu Rui Lin	Deputy Director, Trades, OMS
Colin Ouwehand	General Manager, Trades, OMS
Goh Ping Choon	General Manager, Trades, OMS
Fanie Van Jaarsveld	Managing Director, OMM
Frank Botica	Chief Financial Officer, OMM
Trevor Cook	Chief Operating Officer, OMM
Yang Li Zhong	Chairman, OMQ
Zheng Yuan Hua	Chairman, OMA
Pu Guo Liang	General Manager, OMA
Chen Xiao Dong	General Manager, OM Sarawak
Dai Han Ping	Deputy General Manager, OM Sarawak



Corporate Directory

Directors

Low Ngee Tong (Executive Chairman)
Zainul Abidin Rasheed (Independent Deputy Chairman)
Julie Anne Wolseley
Tan Peng Chin
Thomas Teo Liang Huat
Peter Church OAM
Ivo Philipps

Company Secretaries

Heng Siow Kwee
Julie Anne Wolseley
Codan Services Limited
Lo Chi Man

ADDRESS OF COMPANY AND REGISTRIES

The address of the Corporate Office of the Company:

80 Marine Parade Road
#08-08 Parkway Parade
Singapore 449269
Telephone :(65) 6346 5515
Facsimile :(65) 6342 2242
Email :om@ommaterials.com

The address of the Bermuda Registered Office:

Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

The address of the Company's Principal Share Registry in Bermuda:

Codan Services Limited
Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

The address of the Company's Branch Share Registry in Australia:

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth, Western Australia 6000
Telephone :(618) 9323 2000
Facsimile :(618) 9323 2033
Website :www.computershare.com

Name of Bankers

Bank of China
BNP Paribas
CIMB Bank Berhad
Commonwealth Bank of Australia
Export-Import Bank of Malaysia Berhad
Malayan Banking Berhad
Rabobank International
RHB Bank Berhad
Standard Chartered Bank

Name and Address of Auditors

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
47 Hill Street #05-01
Singapore Chinese Chamber
of Commerce & Industry Building
Singapore 179365

Name and Address of Appointed Australian Agent and Australian Registered Office

OM Holdings (Australia) Pty Ltd
102 Angelo Street
South Perth, WA, 6151
Facsimile :(618) 9367 5489

Name of Bermuda Resident Representative

Codan Services Limited

Website :www.omholdingsltd.com

ASX Code :OMH

Corporate Structure



Financial Highlights

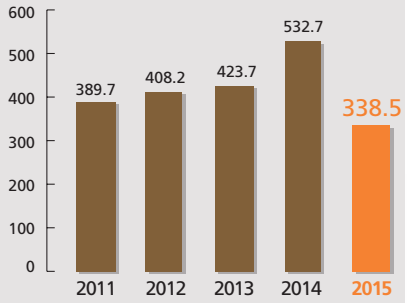
5 YEAR'S GROUP FINANCIAL HIGHLIGHTS

Financial years ended 31 December	2015	2014	2013	2012	2011
	A$'million	A$'million	A$'million	A$'million	A$'million
Revenue	338.5	532.7	423.7	408.2	389.7
Loss before taxation	(131.6)	(41.0)	(48.2)	(53.5)	(29.1)
Loss attributable to owners of the Company	(122.1)	(67.4)	(49.0)	(61.1)	(11.5)
Total assets	1,103.8	980.5	840.1	626.5	553.6
Shareholders' funds	87.2	207.1	275.8	304.6	252.8
Net tangible assets	87.2	205.1	273.8	302.5	250.7
	A$	A$	A$	A$	A$
Total assets per share	1.51	1.34	1.15	0.93	1.10
	A$ cents	A$ cents	A$ cents	A$ cents	A$ cents
Net tangible assets per share	11.92	28.04	37.43	45.05	49.93
Basic loss per share	(17.34)	(9.57)	(6.96)	(10.09)	(2.29)
	2015	2014	2013	2012	2011
Gross profit (A$ million)	6.1	36.1	34.4	50.6	59.6
Gross profit margin (%)	1.8	6.8	8.1	12.4	15.3

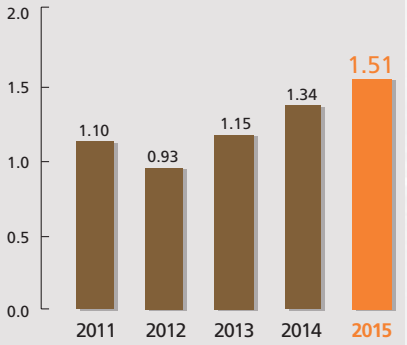
COMPARISON SALES TO INTERNATIONAL REGIONS WERE AS FOLLOWS:

Region	2015	2014	2013	2012	2011
	%	%	%	%	%
North Asia	80.4	99.4	99.7	100.0	100.0
Europe	10.7	-	-	-	-
Southeast Asia	5.6	-	-	-	-
Others	3.3	0.6	0.3	-	-
Total	100.0	100.0	100.0	100.0	100.0

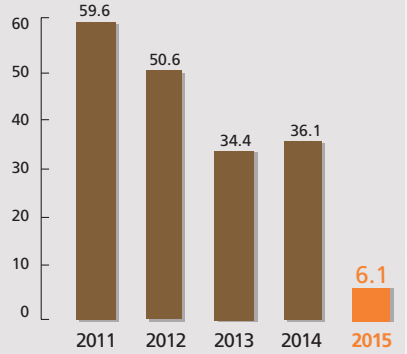
Revenue (A$'million)



Total Assets Per Share (A$)



Gross Profit (A$'million)



OMH Group Overview

OM Holdings Limited ("OMH" or the "Company") and its subsidiaries (collectively the "Group") have a long established history of more than 17 years in exploration, project development, operations, and marketing and trading. With integrated operations comprising exploration, mining, processing, smelting, sintering and marketing and trading, the Group is able to capture significant value and margins along the entire value chain.

The Group's three core operating businesses are the exploration and mining of manganese ore, the production of ferroalloys, and the marketing and trading of manganese ores and ferroalloys.

Of the leading global manganese producers, it is the sole manganese-focused producer listed on the Australian Securities Exchange ("ASX").

KEY OPERATING ENTITIES OF OM HOLDINGS GROUP

The main operating entities within the OMH Group are explained below. The entities are spread throughout the entire value chain.

- **OM Materials (Sarawak) Sdn Bhd ("OM Sarawak")** – The Group has established a ferroalloy smelter in Sarawak, Malaysia which has the capability to produce approximately 308,000 tonnes of ferrosilicon alloys, and approximately 300,000 tonnes of manganese ferroalloys for consumption by the global steel industry.

- **OM Materials (S) Pte Ltd ("OMS")** – OMS, a company based in Singapore is the strategic trading hub of the Group. It handles the logistics, marketing, product flow and product distribution of the Group. The focus of the OMS business is currently on alloy sales from OM Sarawak, and the marketing of Tshipi's production.

- **OM Materials Qinzhou Co Ltd ("OMQ")** – OMQ owns the Group's ferroalloy smelter in Qinzhou in Guangxi province, China. The smelter is located ~ 1km from the Qinzhou port, providing OMQ a competitive advantage in ease of accessing imported raw materials, in particular manganese ore. OMQ also provides the Group with intangible benefits like market intelligence and insight in smelter economics, particularly in China where industry information may not be readily available.

- **OM Materials (Qinzhou) Trading Co Ltd ("OMQT")** – OMQT is the distribution arm of OMS in China. The company support the operations of OMS and focus on the Southern China region.

- **OM (Manganese) Ltd ("OMM")** – OMM owns the Bootu Creek mine located in the Northern Territory, Australia. The Bootu Creek mine is located ~ 100km north of Tennant Creek, mining operations commenced in November 2005 and the first ore was processed in April 2006. On 15 December 2015, the mining operations at the Bootu Creek Manganese Mine were suspended due to the ongoing and material fall in the manganese price.



OMH Group Overview

VERTICALLY INTEGRATED BUSINESS MODEL

Exploration & Mining

Mining	Annual Targeted Production Rate (million tonnes)
(i) OMM - Bootu Creek Mine	1.0
(ii) Main Street 774-Tshipi Mine[1]	2.4 (capacity)
Exploration	

(i) Bootu Creek Regional
(ii) Renner Springs Project
(iii) Helen Spring Project
[1] OMH holds an effective interest of 13% of the Tshipi Project

Processing & Smelting

Processing and Smelting Plant		Annual Production Capacity ('000 tonnes)
(i) OM Materials Sarawak, East Malaysia	Ferrosilicon	308
(ii) OMQ, China	Sinter ore	300
	Alloys	80

Marketing & Trading

(i) OMS in Singapore
(ii) OMA in Northern China
(iii) OMQT in Southern China
(iv) OM Tshipi in Singapore (marketing of Tshipi Mn Ore) [2]
[2] OMH holds an effective interest of 33.3% of OM Tshipi

Strategic Investments

(i) 10.80% holding in NFE (ASX: NFE) - iron ore mining company in Norway
(ii) 4.01% holding in SRR (ASX: SRR) - manganese exploration company in Namibia, Ghana and Western Australia
(iii) Effective 13% interest in Tshipi é Ntle Manganese Mining (Pty) Ltd.

Construction and Operational Review
OM Materials (Sarawak) Sdn Bhd



HIGHLIGHTS

- Physical construction of Phase 1 of the ferrosilicon production facility completed
- 12 furnaces completed testing and commissioning in year 2015
- 8 furnaces commenced commercial operation
- Implementation of financial and operational restructuring to tide over suppressed commodity market conditions
- Main workshops A01, A02 and A03 shut down for proposed conversion to manganese alloy furnaces
- On track to achieve the nameplate capacity of 55 tonnes per furnace per day
- At least 900 workers on site and operating the facility for 24 hours for two shifts
- 104,554 tonnes of ferrosilicon produced in year 2015

OVERVIEW

OM Materials (Sarawak) Sdn Bhd ("OM Sarawak"), 75:25 joint venture between OMH and Cahya Mata Sarawak Berhad ("CMSB"), a listed industrial conglomerate on the Main Market of the Malaysian Stock Exchange, Bursa Malaysia, is the owner of the Ferro Alloy Smelting Project in Sarawak, Malaysia (the "Project"). OM Sarawak aims to be a low cost ferrosilicon producer, and its current cost of production places it in the lowest quartile of the global industry cost curve of ferrosilicon producers.

The Project, which represents a major step in OMH's development as a world class producer of ferroalloys (ferrosilicon, silicomanganese and high carbon ferromanganese) entails the continued development of a manganese and silicon alloy smelter with an expected annual production capacity of approximately 600,000 tonnes in the Samalaju Industrial Park, Sarawak, Malaysia. The Project will be developed in two phases at an approximate total project cost of USD 592 million.

The Project is located on approximately 500 acres of land with a 60-year lease in the Samalaju Industrial Park, part of the Sarawak Corridor of Renewable Energy initiative of Sarawak, Malaysia.

The Project's unique competitive advantages include, but are not limited to, access to competitively priced long-term hydroelectric power supply (from the Bakun Hydroelectric Dam), coastal industrial land with direct access to a dedicated future port facility, geographical proximity to both raw materials and Asian steel mills, tax incentives, no import and/or export duties as well as comprehensive purpose built industrial infrastructure.

Besides the existing offtake agreements executed with JFE Shoji Trade Corporation, Hanwa Co., Ltd and Fesil Sales AS, the Project continues to receive interest in its products in spite of the depressed market. The ferrosilicon business is however inherently volatile as revenues fluctuate in line with market prices while cost structure remains relatively stable and does not depend on the market. On the other hand manganese alloy production, where the group has substantially more experience, is a pure margin play since changes attributable to market price movements are typically passed down to manganese ore suppliers. Markets and relative prices have changed significantly since the project was first conceived, and the Company is constantly evaluating the production mix in order to diversify and secure stable margins while retaining upside opportunity. At present, three main workshops in plant A have been shut down for proposed conversion to manganese alloy production, pending final approval from lenders.

Going forward, we envisage that market demand for both ferrosilicon and manganese alloys from the smelter will be driven by sustainable long-term growth from regional steel production. Strong marketing support from OMS has placed significant production tonnage on long-term contracts with the largest regional steel mills, with remaining tonnage sold on the spot market to maximize returns.

Beyond marketing ability and ore efficiencies, the Project is positioned to benefit from the external environment, with shifting industry dynamics and production reduction from traditional alloy. Sources like India and China.

Construction and Operational Review
OM Materials (Sarawak) Sdn Bhd

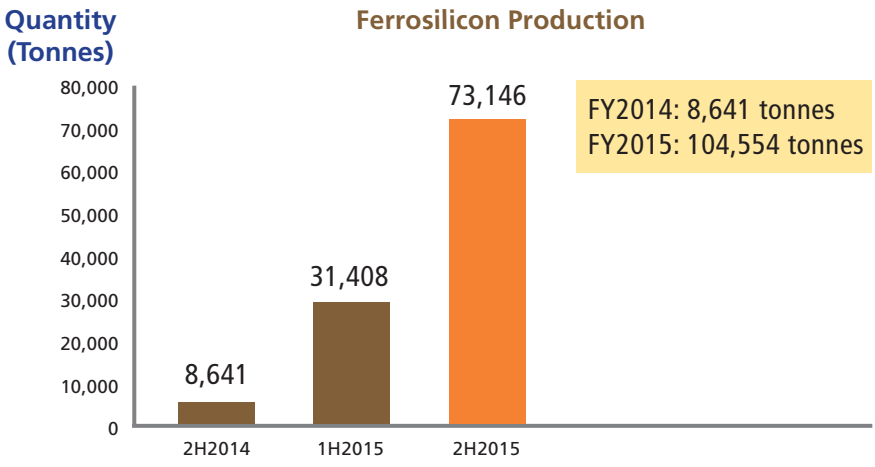












Plant Construction and Development

As at end December 2015, physical construction was completed for Phase 1 of the ferrosilicon production facility and the last two main workshops (B04 and B05) have been tested and cold commissioned. Three main workshops in Plant A were shut down at the end of 2015 in order to reduce supply in light of depressed market prices and to prepare for conversion to manganese alloy production, while workshops B04 and B05 are scheduled to commence production once market conditions stabilize.

Operations

During the year of 2015, the Project achieved prouction of 104,554 tonnes of ferrosilicon. The Project maintains its long-term production target of fulfilling the design production capacity of 308,000 tonnes of ferrosilicon per annum.

The resultant prolonged suppression of ferrosilicon market prices had directly led to lower revenues for the 73,497 tonnes of ferrosilicon exported during the year. The Company is far from unique in this regard and 2015 saw all major ferrosilicon producers face strong pressures at the operational level, with many producers around the world opting to reduce production or cease operations altogether. In addition, the strong dollar against the Malaysian Ringgit significantly increased the Company's financial burden in terms of hedging settlement. As a result, the Company recorded a loss for the year ending 31 December 2015.

During the year, OM Sarawak further reviewed its operational manpower plans to improve efficiency. Shutting down three workshops in plant A allowed the Company to lay off operators not performing up to expectations while simultaneously reducing overall manpower cost. As at end December 2015, total staff count stood at 994.

After a detailed and comprehensive analysis of the market and a feasibility study on furnace conversion, the Company has pushed forward an operational restructuring plan to convert 6 furnaces from producing ferrosilicon to manganese alloys. The proposed plan will realign the Company's business to the current market environment, diversify product offerings, fill the supply gap of manganese alloys in the region outside China and reduce the company's reliance on the suppressed ferrosilicon market. Against the backdrop of Sarawak's competitive power pricing and its logistical advantages, it is expected that the proposed conversion will boost total sales tonnage, increase market penetration, and capture a more diverse share of steelmakers' required input.

Processing Operations Review



HIGHLIGHTS

- OMQ operates one furnace for the 5 months period (May – September 2015), production volume of 18,551 tonnes attributes to 22% of last year's total production volume.
- Due to weak demand for ferro alloy, our production output decreased, HCFeMn sales was 21,468 tonnes attributing to 25% of last year's total sales.
- As part of Group's strategy, OMQ ceased production on October 2015.

OVERVIEW AND UPDATE IN 2015

The ferroalloy processing segment includes the operations of OMQ's smelter and sinter ore plant located in Qinzhou, and the Guizhou Jiahe Weiye ("GJW") smelter in Guiyang, of which the Group holds an effective interest of 52.5%.

Qinzhou is located in a pivotal region for ferroalloy smelters and ore distribution throughout the Chinese market. The OMQ plant is adjacent to a port operation, and has excellent transport logistics and access to power at competitive rates. The plant has a nameplate capacity of 60,000 tpa of alloys . The manganese sinter plant is regarded as one the largest in China and is designed to produce 300,000 tonnes of sintered ores annually.

OMQ's smelter plant encompasses two sets of 16.5MVA furnaces and one set of 3.5MVA furnace. The plant incorporates casting facilities, facilities for automated blending and feeding of ore, coke breeze and limestone, dust collection devices to meet environmental requirements, electrodes, transformers, refractory lined furnace vessels and stockpile areas for raw materials and finished products.

The sinter plant was commissioned in March 2010 and as part of the Company's effort to be an environmentally responsible entity, the plant is fully automated and technologically equipped to recycle the carbon monoxide gases emitted from the smelter furnaces. The gas which would otherwise have been emitted into the environment is used instead to fire up both the rotary kiln and for the production of manganese sinter ores.

Given the oversupply in the chinese steel industry, the ferroalloy market remains weak and prices depressed. In October 2015, OMQ ceased production and completed necessary arrangements for staff. Given its operational experience, during downtime OMQ is able to provide technical support for OM Sarawak, as well as customize and expert equipment to improve Sarawak's operational efficiency.

Table 1. Production

	Years ended 31 December					
	Unit	2015	2014	2013	2012	2011
HCFeMn alloy	tonnes	18,551	85,839	94,119	80,801	73,838
Sinter ore	tonnes	Nil	86,772	245,158	230,524	255,655

Marketing and Trading Operations Review



HIGHLIGHTS

1,778,589 tonnes of ores (2014: 2,699,502 tonnes) and 69,667 tonnes of alloys (2014: 91,731 tonnes) were transacted during 2015.

OVERVIEW AND UPDATE IN 2015

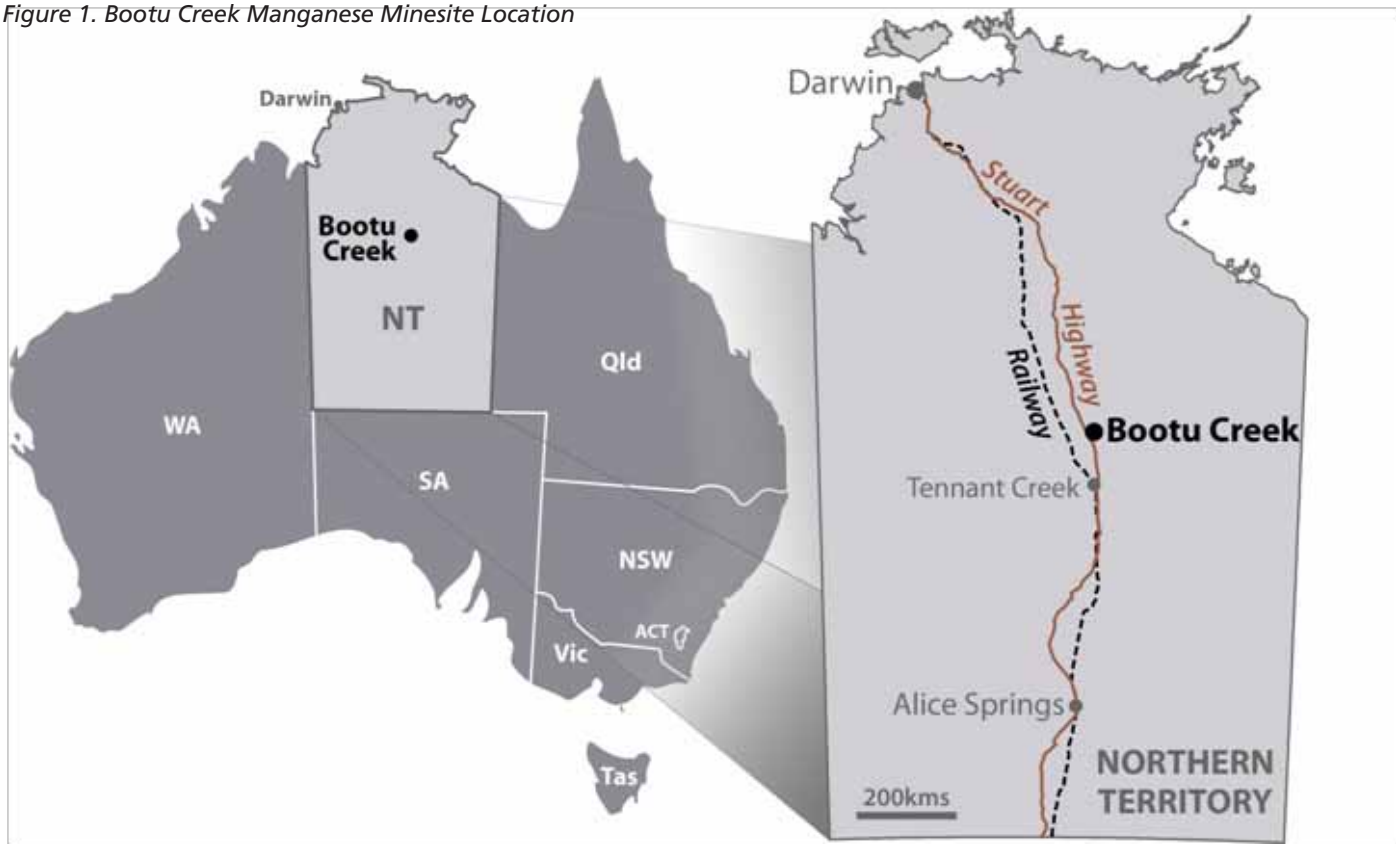
In spite of weak market conditions in 2015, the Group continued to leverage its expertise to supply the steel industry. In addition to manganese ore from OMM and the Tshipi Borwa mine, the Group actively marketed and sold ferrosilicon produced by OM Sarawak. 2015 marked the first full year of ferrosilicon sales, and significant market penetration was achieved with material shipped to all six continents. The initial marketing phase saw material being introduced to new buyers and trials conducted with major steelmakers, and this gradually eased into direct long-term contracts, all the while balancing tonnage committed on term contracts and tonnage dedicated for spot sales which generally gave us flexibility to search for the highest return. The primary geographic focus in 2015 was Asian and European markets.

For manganese ore, the Group maintained its peresence in the Chinese import market despite weak market conditions. The Group exported 1.7 million tonnes of mangnaese ore in the year and accounted for 11.2% of China's total seaborne manganese ore imports.

2016 will be a challenging year as China continues to slow down. The Group will continue working to realize the full value of the smelting project in Sarawak, Malaysia by constantly reviewing market requirements and matching the right material to the right buyer in an efficient manner, leveraging technical marketing know-how and trading networks built over years of experience.

OMM Mining Operations Review

Figure 1. Bootu Creek Manganese Minesite Location



HIGHLIGHTS

- Annual production of 760,870 tonnes grading 35.71% Mn
- Sales of 639,051 tonnes grading 35.65 % Mn
- Full year C1 unit cash operating cost A$3.14/dmtu
- On 15 December 2015, the mining operations at the Bootu Creek Manganese Mine were suspended due to the ongoing and material fall in the manganese price.

OVERVIEW

OM Manganese Ltd (OMM) is a wholly-owned subsidiary of the Company and one of the Group's core operating business with its main activities being exploration and mining of manganese ore at the Bootu Creek Mine. The Bootu Creek Mine is located 110km north of Tennant Creek in the Northern Territory of Australia. OMM's principal administration office is located in Perth, Western Australia.

The exploration and subsequent development of the Bootu Creek Project commenced in September 2001. Mining operations commenced in November 2005 and its first batch of ore was processed in April 2006.

The main mineral lease is located in the Bootu Creek area on Pastoral Leases, where the mining and processing operations are based and where the currently defined Mineral Resources and Ore Reserves exist. Two regional exploration project areas are located at Renner Springs and Helen Springs.

The Bootu Creek Project area contains a number of manganese deposits located along the western and eastern limbs of the Bootu syncline. The individual mineralised horizons are generally strata-bound in character and can persist over strike lengths of up to 3km. The Mineral Resources defined to date at the project are long shallow, gently dipping deposits amenable to open pit mining.

The Renner Springs Project area is located approximately 70km northwest of the Bootu Creek mine site covering an extensive dolomite-siltstone sequence which hosts several shallow dipping and flat lying manganese occurrences.

The Helen Springs Project is located approximately 30km north of the Bootu Creek mine site and is a northern extension of the Bootu and Attack Creek formations, which host the Bootu Creek mine manganese deposits.

Mining at the Bootu Creek Mine is carried out using a conventional open cut method of mining, blasting and excavation using hydraulic excavators and dump trucks.

The Bootu Creek plant is a relatively simple crushing and screening operation, followed by heavy media separation (HMS) to concentrate the manganese minerals. The plant comprised of two separately built processing plants. The original primary processing plant (PPP) was commissioned in 2006 and processes the Run of Mine ("ROM") ore while the secondary processing plant

OMM Mining Operations Review

(SPP) commissioned in December 2009 abuts the PPP and selectively processes drum plant rejects and washed fines from the PPP and previously stockpiled drum plant rejects.

The PPP was designed to produce a nominal 550,000 tonnes of product per annum, comprising about 420,000 tonnes of lump and about 130,000 tonnes of fines. Numerous capital upgrading and improvements increased its production capacity to approximately 800,000 tonnes of product per annum. With the commissioning of the SPP in 2009, the combined production capacity from the two plants approximates 1 million tonnes per annum.

Manganese product produced on the mine site is transported 60km to the Muckaty Rail Siding on a sealed private road and then approximately 800km to the Port of Darwin via the Alice Springs to Darwin rail line.

Manganese product is stockpiled at the rail head at the Port of Darwin prior to being transported to the port ship loader and loaded onto vessels for shipping to overseas markets.

The processing of manganese ore is described diagrammatically below:

Figure 2. Bootu Creek Manganese Processing Plant Schematic

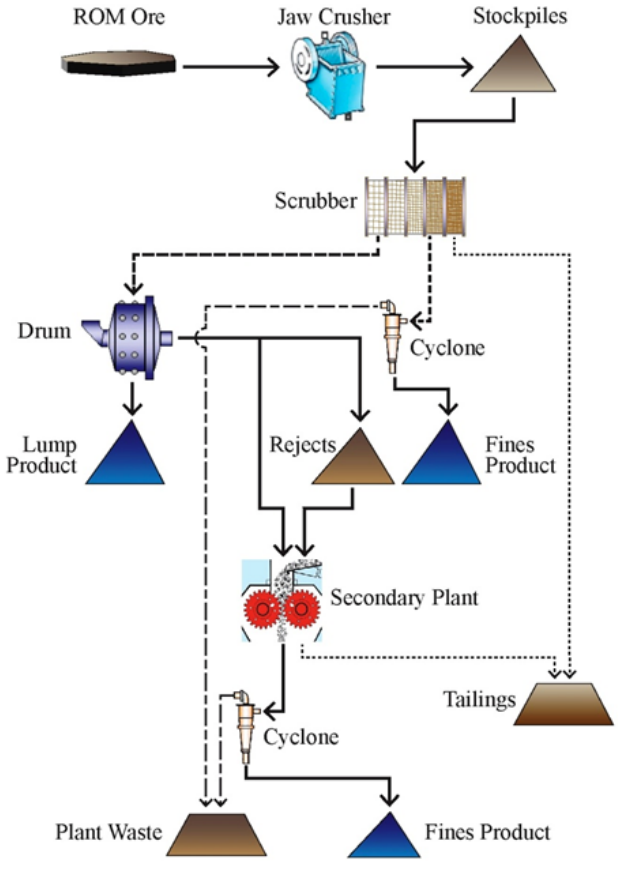
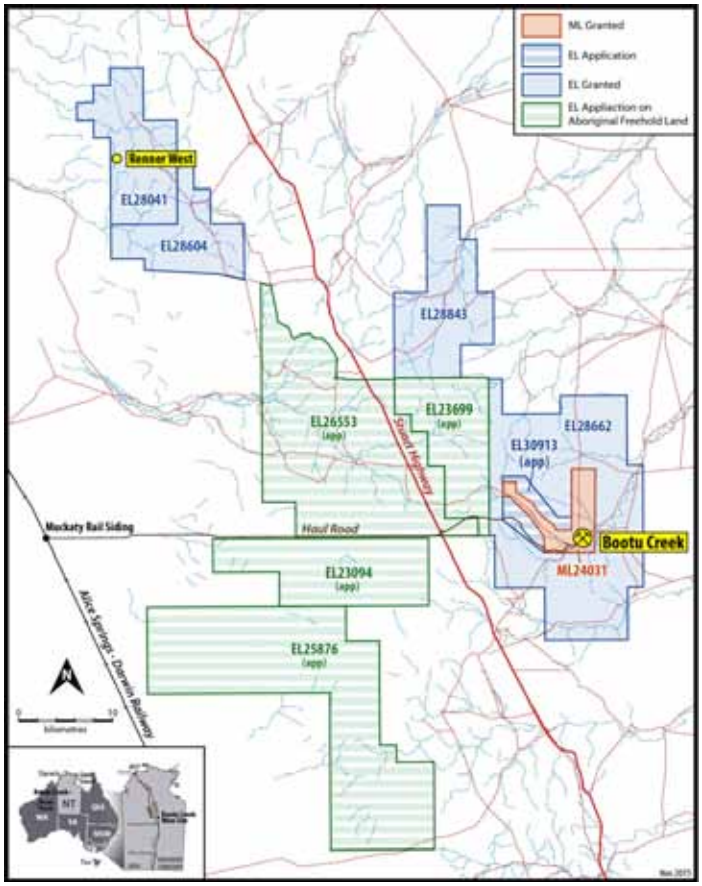


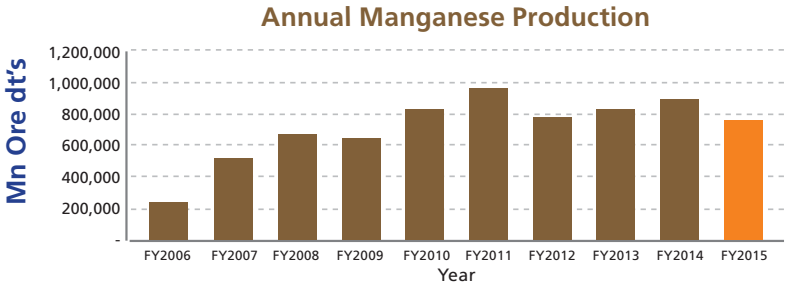
Figure 3. Bootu Creek Manganese Project Tenement Holdings

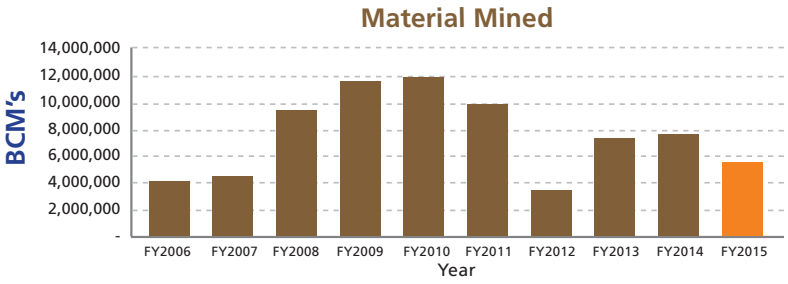


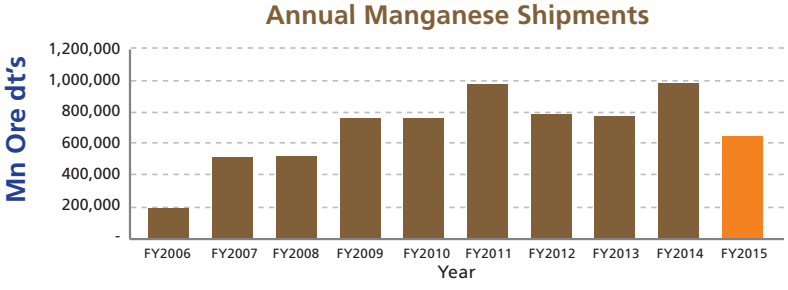
OMM Mining Operations Review

Table 1. Bootu Creek Operations – Production

		Years ended 31 December				
	Unit	2015	2014	2013	2012	2011
Mining						
Total Material Mined	bcms	5,417,733	7,398,605	7,178,868	3,260,984	9,677,073
Ore Mined - tonnes	dt's	1,918,137	2,043,786	1,842,955	1,435,874	1,669,757
Ore Mined - Mn grade	%	22.52	22.45	21.77	23.03	22.49
Production						
Lump - tonnes	dt's	549,575	637,773	561,499	485,585	595,543
Lump - Mn grade	%	35.80	35.32	34.23	36.14	36.31
Fines/SPP - tonnes	dt's	211,295	252,564	265,101	252,180	306,539
Fines/SPP - Mn grade	%	37.90	37.15	36.69	37.35	37.47
Total Production - Tonnes	**dt's**	**760,870**	**890,337**	**826,599**	737,766	**902,082**
Total Production - Mn Grade	**%**	**35.71**	**35.84**	**35.02**	36.55	**36.70**
Sales						
Lump - tonnes	dt's	501,640	686,068	505,397	507,941	663,186
Lump - Mn grade	%	35.41	35.51	34.15	36.23	36.19
Fines/SPP - tonnes	dt's	137,411	277,083	253,203	265,947	298,284
Fines/SPP - Mn grade	%	36.50	37.28	36.88	37.72	38.16
Total Sales - Tonnes	**dt's**	**639,051**	**963,151**	**758,600**	773,888	**961,470**
Total Sales - Mn Grade	**%**	**35.65**	**36.02**	**35.06**	36.74	**36.80**







Operations

OMM achieved production of 760,870 tonnes at an average grade of 35.71% Mn for the year ended 31 December 2015 in line with the mine's operating strategy for 2015 which centred around a normalised strip ratio operation utilising two-three mining fleets focusing on accessing previously pre-stripped high grade ore deposits and developing new deposits within the Bootu Creek Mineral Lease.

Mining activities during 2015 focused initially on the established Yaka 3 deposit and accessing remanent exposed ore in the Tourag pits, whilst cut backs of the Shekuma, Chugga South, Chugga North and Go-Go pits were conducted. Ore from the Shekuma, Go-Go and Chugga deposits continued to consist of highly competent material demonstrating high process plant yields.

A total of 5.4 million BCM's of material was mined for the year.

During the 2015 financial year a total of 639,051 dry tones was exported through the Port Of Darwin.

On 15 December 2015, the mining operations at the Bootu Creek Manganese Mine were suspended due to the ongoing and material fall in the manganese price.

Tshipi é Ntle Manganese Mining (Pty) Ltd ("Tshipi")



HIGHLIGHTS

- Tshipi exports totalled 1,828,630 tonnes during calendar year 2015.
- Total exports made up of both lump and fines.
- Majority of exports made through Port Elizabeth and Saldanha Bay, South Africa.
- Tshipi has successfully converted fines sales from containers to bulk.
- Construction on the primary crushing circuit of the 3.6 million tonnes per annum processing plant was completed in the second quarter of 2015.

OVERVIEW

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. The remaining 49.9% share is owned by Jupiter Mines Limited.

Tshipi Ownership Structure

Tshipi owns two manganese properties in the world class Kalahari Manganese field located in the Northern Cape of South Africa. The Kalahari Manganese Field, which stretches for 35km long and is approximately 15km wide, hosts a significant portion of the world's economically mineable high grade manganese ore resources.

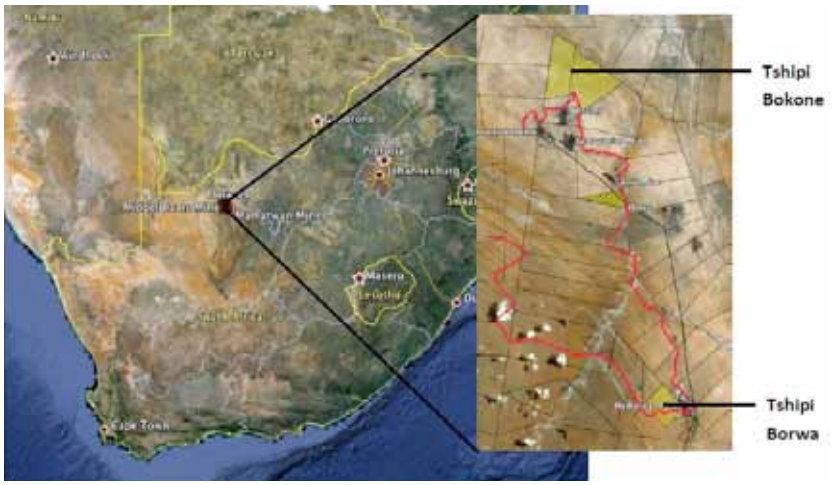
The Tshipi Borwa mine is an open pit manganese mine which commenced production in October 2012 and 1,828,630 tonnes were exported in 2015. The second project, Tshipi Bokone, is a manganese exploration prospect located in the northern portion of the Kalahari Manganese Field.

Tshipi Project Locations

The Tshipi Borwa Mine is located on the south western outer rim of the Kalahari Manganese Field making the ore resources shallower and more amenable to open pit mining.

Tshipi Borwa ore commences at a depth of 70m below the surface and the ore is contained within a 30m to 45m thick mineralised zone which occurs along the entire Borwa Property. The ore layer dips gradually to the north-west at approximately 5 degrees.

Tshipi Project Locations



Tshipi's strategy is to mine and process the lower 15m of the mineralised zone, commonly known as the bottom cut, as it bears a higher grade ore. A portion of the upper 15m mineralized zone, referred to as the top cut, is planned to be stockpiled for possible use later.

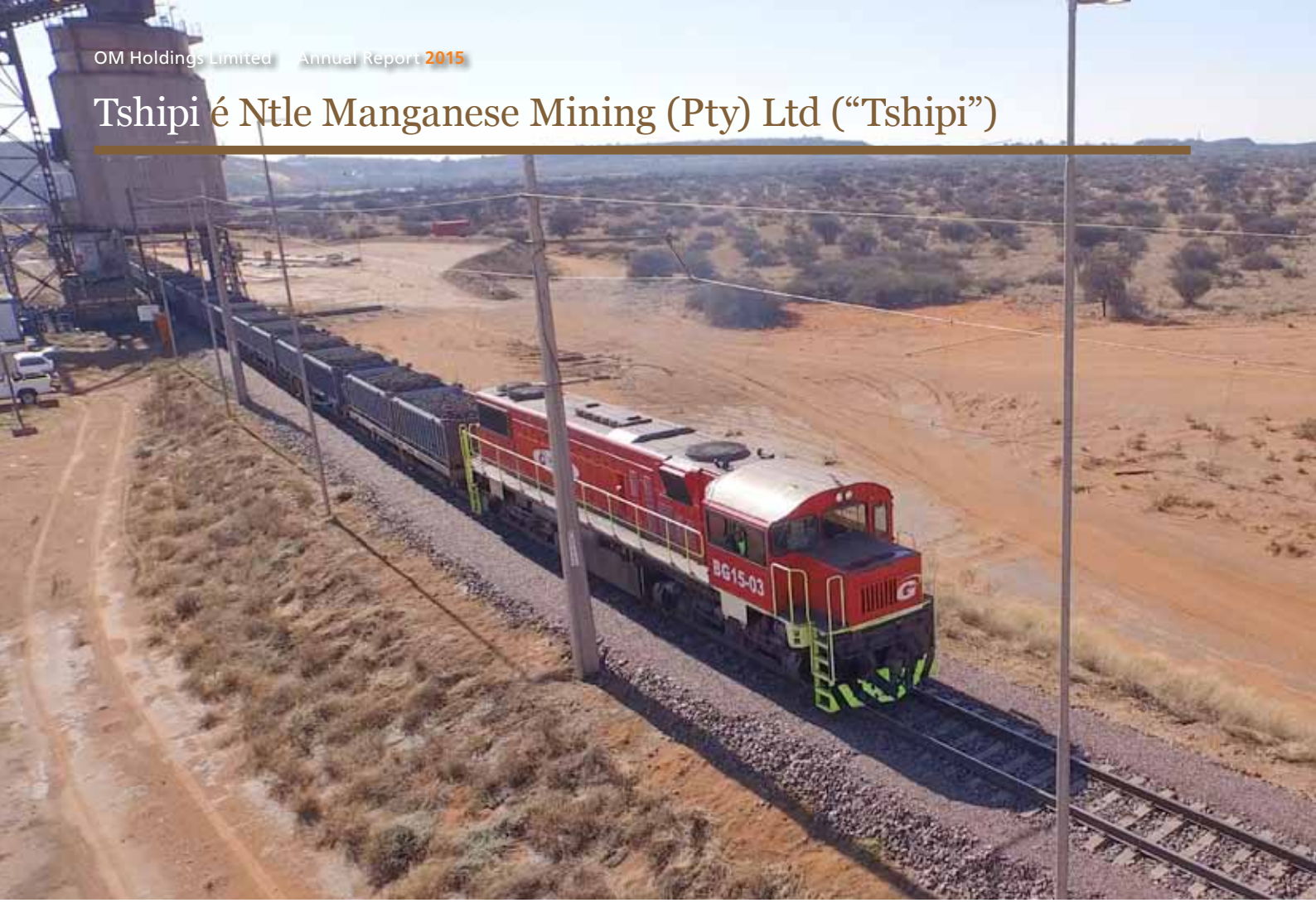
Mining of Tshipi Borwa is a relatively simple truck and shovel open cast operation. Once exposed, the manganese ore is drilled, blasted and loaded onto a truck and hauled to the main ROM stockpile.

The ROM stockpile will feed the processing plant which is designed to treat 2.4mtpa of manganese ore. Ore will initially feed primary crusher followed by secondary crushing and wet screening processes to produce final products of manganese lumps and fines.

These products are stockpiled before loading through a state-of-the art load-out station onto the railway trains or road trucks.

Inland transportation of manganese products from the mine site is carried out by rail, and complemented by a combination of road and rail solutions to increase logistics capacity.

Tshipi é Ntle Manganese Mining (Pty) Ltd ("Tshipi")



OPERATIONS

Tshipi Borwa

Tshipi accessed the first ore in October 2012 approximately eleven months after commencing the required 70 meter pre-strip.

The primary crushing circuit of the 2.4mtpa processing plant commissioned in the second quarter of 2015. The railway siding is fully operational and the rapid load out station was completed.

Tshipi Bokone

Exploration activities at Tshipi Bokone have temporarily been put on hold as Tshipi's management focus their attention at bringing Tshipi Borwa to optimum production.

OM Tshipi (S) Pte Ltd ("OM Tshipi") OM Tshipi is a Singapore based joint venture company between OM Trades (S) Pte Ltd (a wholly owned subsidiary of OM Holdings), Australia based Jupiter Kalahari (Mauritius) Limited ("Jupiter") and South Africa based Ntsimbintle Mining Proprietary Limited ("Ntsimbintle").

OM Trades, Jupiter and Ntsimbintle each hold an equal 33.3% stake in OM Tshipi.

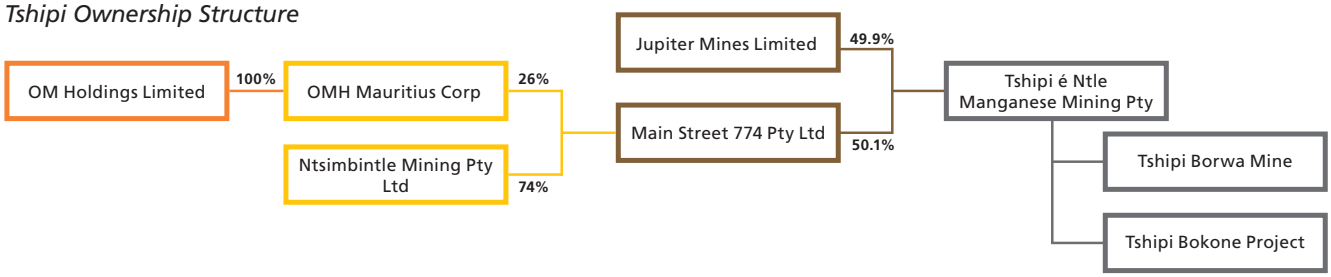
In 2013, OM Trades, Jupiter and Ntsimbintle entered into a joint venture agreement for an initial period of 2 years giving OM Tshipi the exclusive marketing rights of all manganese ores produced by Tshipi é Ntle Mining Pty Ltd.

OM Tshipi combines the individual and collective strengths of its shareholders which have provided a strong and robust base and is further supported by an end user focussed sales strategy.

Within a very short time frame OM Tshipi has established itself as one of the largest trading entities trading South African semi carbonate ores.

According to the International Manganese Institute, South Africa exported 10.6 million wet tonnes during 2015, a 1.4% decrease year on year. South African manganese ore exports in 2015 represented a 39.7% market share measured by total global manganese ore export data.

Tshipi Ownership Structure





OM HOLDINGS LIMITED

(incorporated in Bermuda) A.R.B.N 081 028 337