

OM HOLDINGS LIMITED

(ARBN 081 028 337)



No. of Pages Lodged: 3

2 February 2012

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

Dear Sir/Madam

OM SARAWAK FERRO ALLOY SMELTING PROJECT- POWER PURCHASE AGREEMENT

The Board of OM Holdings Limited ("OMH" or "the Company") is pleased to announce the execution of a Power Purchase Agreement ("PPA") between OM Materials (Sarawak) Sdn Bhd ("OM Sarawak") (80% owned by the Company) and Syarikat Sesco Bhd ("SSB").

Under the PPA, OM Sarawak will have access to a competitively priced reliable power supply of 500 megawatts for an initial 20-year period with a fixed annual price escalation rate, which will underpin the project within the lowest cost quartile production of 300,000 tonnes of manganese ferro alloys and 300,000 tonnes of ferro silicon alloys.

To commemorate the significance of the agreement to the OM Sarawak ferro alloy smelting project, a formal signing ceremony was held today in Kuching, Sarawak, Malaysia. Those in attendance included the Right Honourable Pehin Sri Haji Abdul Taib bin Mahmud, Chief Minister of Sarawak, His Excellency Ong Keng Yong, Singapore High Commissioner to Malaysia and His Excellency Miles Kupa, Australian High Commissioner to Malaysia.

This hallmark event marked the finalisation of a technically, legally and commercially comprehensive process following from the Memorandum of Understanding and term sheet signed in March 2011, and officially cements a long-term strategic relationship between OM Sarawak and SSB.

Cahaya Mata Sarawak Berhad, OMH's strategic partner with a 20% equity investment in OM Sarawak, also attended the ceremony. JFE Shoji Trade Corporation of Japan, a member of JFE Group which includes JFE Steel Corporation, for a potential direct equity investment in OM Sarawak's ferro silicon production combined with a product off-take agreement for up to 100,000 tonnes per annum of ferro silicon product was also present to witness the ceremony.

"We are in the process of building one of the world's largest and lowest cost silicon based ferro alloy smelters in the world," said Mr Low Ngee Tong, Executive Chairman of OMH.

"The project's silicon manganese production will be supported by several key components.

These include the integrated ore supply from Australia providing a life-of-mine operational synergy for the Company's wholly-owned Bootu Creek mine, which benefits from its close proximity to Sarawak as well as from its unique ore grade characteristics making it particularly suitable for the production of silico manganese alloys. Further benefits include, future ore supply from the Tshipi Borwa project in South Africa, a highly competitive cost structure and the project's geographical proximity close to key Asian markets and customers.



The ferro silicon component of the project is supported by a highly competitive cost structure and fast changing Chinese ferro silicon supply dynamics. Currently China represents approximately 70% of the world's ferro silicon alloy production which is increasingly faced with escalating domestic power costs impacted by its rising reliance on thermal coal imports.

The project's ferro silicon as well as silico manganese production will also enjoy strong end-user off-take support from major Asian steel customers.

I am confident that this project will positively transform OMH, the silico manganese and ferro silicon industries and also Sarawak."

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary



BACKGROUND INFORMATION ON OM HOLDINGS LIMITED

OMH listed on the ASX in March 1998 and has its foundations in metals trading – incorporating the sourcing and distribution of manganese ore products and subsequently in processing ores into ferro-manganese intermediate products. The OMH Group now operates commercial mining operations – leading to a fully integrated operation covering Australia, China and Singapore.

Through its wholly owned subsidiary, OM (Manganese) Ltd, OMH controls 100% of the Bootu Creek Manganese Mine (“Bootu Creek”) located 110 km north of Tennant Creek in the Northern Territory.

Bootu Creek has the capacity to produce 1,000,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 2,800km².

Bootu Creek’s manganese product is exclusively marketed by the OMH Group’s own trading division with a proportion of the product consumed by the OMH Group’s wholly-owned Qinzhou smelter located in south west China.

Through its Singapore based commodity trading activities, OMH has established itself as a significant manganese supplier to the Chinese market. Product from Bootu Creek has strengthened OMH’s position in this market.

OMH holds a 26% investment in Ntsimbintle Mining (Proprietary) Ltd, which holds a 50.1% interest in the world class Tshipi Borwa manganese project in South Africa.

OMH also holds the following strategic shareholding interests in ASX listed entities:

- 14% shareholding in **Northern Iron Limited** (ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway; and
- 8% shareholding in **Shaw River Manganese Limited** (ASX Code: SRR), a company presently exploring for manganese in Namibia, Western Australia and Ghana.