

OM HOLDINGS LIMITED

(ARBN 081 028 337)



No. of Pages Lodged: 9

30 April 2021

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

Dear Sir/Madam

MARCH 2021 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 for the quarter ended 31 March 2021 of 38,415 tonnes of ferrosilicon ("FeSi") and 57,136 tonnes of manganese alloys comprised mainly silicomanganese ("SiMn") and high carbon ferromanganese ("HCFMn")
- A total of 25,029 tonnes of FeSi and 50,996 tonnes of manganese alloys were sold during the quarter ended 31 March 2021
- During the initial hot commissioning and performance testing period of the sinter plant, trial production of 22,826 tonnes of manganese sinter ore was produced with 7,132 tonnes sold in the quarter ended 31 March 2021
- Planned conversion of 2 idled FeSi furnaces progressing as planned with furnace excavation and civil works in progress

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

- Manganese ore production of 210,758 tonnes with an average grade of 28.49% Mn for the quarter ended 31 March 2021
- Manganese ore shipments for the quarter ended 31 March 2021 were 181,382 tonnes with an average grade of 28.60% Mn
- The Ultra Fines Plant (UFP) produced 9,327 tonnes with an average grade of 30.32% Mn for the quarter ended 31 March 2021

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

- Commercial operations for the upgraded furnace and the manganese sinter ore plant restarted on 31 January 2021. The second furnace underwent major maintenance and was subsequently successfully restarted in March 2021



OPERATING PERFORMANCE (CONT'D)

MARKETING, TRADING AND MARKET UPDATE

- 575,638 tonnes of ores and alloys were transacted in the period from 1 January 2021 to 31 March 2021 as compared to 655,487 tonnes from 1 October 2020 to 31 December 2020, representing a quarter-on-quarter decrease of 12.2%
- World crude steel production during January and February 2021 was 378.7 million tonnes, representing a 5.8% increase as compared to the same corresponding period in 2020
- Price of 44% Mn ore closed at US\$5.32/dmtu CIF China at the end of March 2021, a sharp increase from US\$4.21/dmtu CIF China at the end of December 2020 due to stronger demand
- FeSi prices continued its upward trend from December 2020 and closed at US\$1,465 per metric tonne at the end of March 2021, a 7.3% increase from the end of December 2020
- Supported by strong regional demand and limited global production, the price of SiMn to Japan also closed higher at US\$1,280 per metric tonne

COVID-19 EMERGENCY AND RESPONSE

- The Company continues to prioritise across all its operations the safety and well-being of employees and communities whilst maintaining operational resilience in its key business areas. Ongoing improvements in the business continuity plans implemented allows for flexibility in response to the constantly changing environment due to the COVID-19 pandemic

CORPORATE

- As previously announced on 8 March 2021, the remaining 12,500,000 unsecured convertible notes were fully redeemed in March 2021 for US\$10.7 million (equivalent to approximately A\$13.9 million)
- In relation to the proposed secondary listing in Malaysia, the Company has received approval from Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 22 April 2021, in addition to conditional approval received from the Securities Commission Malaysia ("SC") as announced on 31 March 2021. The Company is expecting to achieve a listing on Bursa Malaysia no later than 30 June 2021 subject to the compliance with the terms and fulfilment of the conditions from SC and Bursa Malaysia
- The Company has convened its Annual General Meeting to be held on Thursday, 6 May 2021 commencing at 10.00am (Perth WST time) to be held in Perth, Western Australia



SMELTING

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

OM Sarawak owns a Ferroalloy Smelting Plant in the Samalaju Industrial Park in Sarawak, Malaysia (the “Plant”). The Plant consists of 8 main workshops with a total of 16 units of 25.5 MVA furnaces, of which 10 units are allocated for the production of FeSi and 6 units are allocated for the production of manganese alloys. The Plant has a design capacity to produce approximately 200,000 to 210,000 tonnes of FeSi and 250,000 to 300,000 tonnes of manganese alloys per annum. The Plant also consists of a sinter plant that has a design capacity to produce 250,000 tonnes of sinter ore per annum.

Commercial operation

As at 31 March 2021, 12 out of 16 furnaces were in operation with 6 furnaces producing FeSi and 6 furnaces producing manganese alloys. Of the remaining 4 FeSi furnaces, 2 furnaces have been idled for the purpose of conversion to produce manganese alloys, with the other 2 currently idled and ready to be re-started once manpower constraints have been alleviated.

	Mar 2021 Quarter	Dec 2020 Quarter	YTD 2021
Tonnes			
Production			
Ferrosilicon	38,415	33,866	38,415
Manganese Alloys	57,136	61,806	57,136
Manganese Sinter Ore (<i>trial production</i>)	22,826	-	22,826
Sales			
Ferrosilicon	25,029	45,956	25,029
Manganese Alloys	50,996	81,576	50,996
Manganese Sinter Ore (<i>trial production</i>)	7,132	-	7,132

During the quarter ended 31 March 2021, FeSi production volumes increased by 13.4% as compared to the quarter ended 31 December 2020. This was attributed to higher production efficiencies with minimal downtime experienced following scheduled maintenance of furnaces in the previous quarter. Manganese alloys production volume decreased by 7.6% due to changes in the product mix with lower demand for HCFMn during the quarter ended 31 March 2021. The second lockdown in Malaysia since January 2021 has been extended following a surge in COVID-19 cases in various states in Malaysia.

Manpower shortages continued to impact the Plant’s ability to operate at full capacity as the country’s border remains closed with strict travel restrictions imposed. Production plan for the 2H 2021 may be readjusted in accordance with latest conditions as the COVID-19 situation evolves, depending on manpower availability and scheduled leave rotation requirements.

The sales volumes for both FeSi and manganese alloys decreased by 45.5% and 37.5% respectively as the pace of destocking inventory stabilized during the quarter ended 31 March 2021. Sales volumes were significantly higher in the previous quarter following a surge in demand from end users as steel mills collectively restocked ferroalloys in December 2020.

Loan repayments of US\$4.8 million (approximately A\$6.3 million) were made to the project finance lenders during the quarter ended 31 March 2021.

During the initial hot commissioning and performance testing phase of the sinter plant, trial production of 22,826 tonnes of manganese sinter ore was produced with 7,132 tonnes sold in the quarter ended 31 March 2021. The remaining manganese sinter ore produced was utilised as feed material for the Plant’s production of manganese alloys.



The preliminary hot commissioning and performance testing period for the sinter plant was extended with final onsite commissioning activities by the manufacturer delayed due to travel restrictions.

The planned conversion of 2 FeSi furnaces to manganese alloy furnaces has commenced with excavation works for the 2 furnace linings completed in Q1 2021 and civil works currently in progress. Equipment and machinery installation works originally scheduled for late Q1 2021 have been deferred to commence in Q3 2021, dependent upon when foreign contractors are able to enter Sarawak for equipment installation and performance testing.

SMELTING

OM MATERIALS (QINZHOU) Co Ltd (“OMQ”)

Production and sales from the Qinzhou smelter and sinter plant for the quarter ended 31 March 2021 are summarised below:

	Mar 2021 Quarter	Dec 2020 Quarter	YTD 2021
Tonnes			
Production			
Manganese Alloys	8,597	-	8,597
Manganese Sinter Ore	2,309	-	2,309
Sales			
Manganese Alloys	3,419	2,203	3,419
Manganese Sinter Ore	-	-	-

Production

As previously announced on 5 February 2021, full commercial operations for the upgraded furnace have commenced and the manganese sinter ore plant restarted on 31 January 2021. The second furnace was subsequently restarted in March 2021 after maintenance. The Qinzhou smelter and sinter plant is expected to have a design production capacity of 80,000 to 95,000 tonnes of manganese alloys per annum and 300,000 tonnes of sinter ore per annum.

During the quarter ended 31 March 2021, OMQ produced a total of 8,597 tonnes of manganese alloys and 2,309 tonnes of manganese sinter ore.

Sales

During the quarter ended 31 March 2021, OMQ secured sales of 3,419 tonnes of manganese alloys. Manganese sinter ore production was utilised as feed for the production of manganese alloys and not sold.



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

Production at the 100% owned Bootu Creek Manganese mine (the “Mine”) for the quarter ended 31 March 2021 is summarised below:

	Unit	Mar 2021 Quarter	Dec 2020 Quarter	YTD 2021
Mining				
Total Material Mined	bcms	1,985,240	2,290,125	1,985,240
Ore Mined – tonnes	dt	245,660	227,365	245,660
Ore Mined – Mn grade	%	22.10	20.07	22.10
Production				
Lumps – tonnes	dt	156,147	187,060	156,147
Lumps – Mn grade	%	26.56	26.64	26.56
Fines/SPP/UFP – tonnes	dt	54,611	46,680	54,611
Fines/SPP/UFP – Mn grade	%	34.01	34.05	34.01
Total Production – tonnes	dt	210,758	233,740	210,758
Total Production – Mn grade	%	28.49	28.12	28.49
Sales				
Lumps – tonnes	dt	134,086	182,161	134,086
Lumps – Mn grade	%	26.59	26.52	26.59
Fines/SPP – tonnes	dt	47,297	30,596	47,297
Fines/SPP – Mn grade	%	34.29	35.48	34.29
Total Sales – tonnes	dt	181,382	212,757	181,382
Total Sales – Mn grade	%	28.60	27.81	28.60

Mining

During the quarter ended 31 March 2021, a total of 1.99 million bcms of material was mined including 245,660 tonnes of ore at a grade of 22.10% Mn.

The total material mined during the current quarter was lower compared to the quarter ended 31 December 2020 due to the planned implementation of a two-digger fleet strategy (compared to a three-digger fleet strategy adopted in the previous quarter) and the impact of heavy rainfall events.

On the eastern limb, mining activities focused on developing the Chugga Far North E & F and Shekuma Stage 8 cutbacks.

Rainfall of 283.4mm was recorded during the current quarter, with the highest rainfall (168.3mm) recorded in the month of February 2021. The extracted wet ore from Chugga Far North impacted the processing plants feed with reduced crushing and plant throughput rates.

Mining activities for the quarter ending 30 June 2021 will focus on Chugga Far North Stages E & F and Shekuma Stage 8 on the eastern limb.



All real-time pit monitoring equipment has performed well since it was implemented with no geotechnical concerns noted and reported during the quarter ended 31 March 2021.

Processing

The Mine achieved ore production of 210,758 tonnes for the quarter ended 31 March 2021 at an average grade of 28.49% Mn.

A total of 509,348 tonnes of ore was crushed for the quarter ended 31 March 2021 including 209,504 tonnes of mineralised waste and 74,204 tonnes of mineralised rejects. The 509,165 tonnes of scrubbed material had a yield of 41.08% as a result of processing higher tonnes of mineralised waste and rejects.

The UFP produced 9,327 tonnes of product at 30.32% Mn with a yield of 5.63% for the quarter ended 31 March 2021. Rectifications works continued on the poor screening efficiencies of the UFP faced since the start-up and were 96% completed at the end of the quarter. Screening efficiencies have improved to 65% but require further optimisation, with plant surveys and sizing comparisons conducted. A final change in motor speed will be determined dependent upon the outcome of the surveys. The UFP product grade during the quarter ended 31 March 2021 improved slightly, but remained below expectations of 37% Mn. Classifier optimisation work continues, with a focus on seeking to achieve final grade expectations.

Logistics

During the quarter ended 31 March 2021, a total of 181,382 tonnes of manganese product was exported through the Port of Darwin in four vessels. Comparatively, in the previous quarter, a total of 210,806 tonnes of manganese product was exported through the Port of Darwin in five vessels, and 1,951 tonnes was sold domestically.

Unit operating costs

The C1 unit cash operating cost for the quarter ended 31 March 2021 was A\$4.73/dmtu (US\$3.66/dmtu) as compared to A\$4.53/dmtu (US\$3.31/dmtu) for the quarter ended 31 December 2020. The marginal increase in C1 unit cost in the current quarter compared to the previous quarter was mainly due to total mining volumes being impacted by the heavy rainfall events in January and February 2021.



MARKETING AND TRADING UPDATE

During the quarter ended 31 March 2021, a total of 575,638 tonnes of ores and alloys were transacted, which represented a 12.2% quarter-on-quarter decrease compared to the quarter ended 31 December 2020.

According to Worldsteel, world crude steel production during January and February 2021 was 378.7 million tonnes, which represented an increase of 5.8% as compared to the same corresponding period in 2020.

Fastmarkets MB reported that the price of 44% Mn ore closed at US\$5.32/dmtu CIF China at the end of March 2021, a sharp increase from US\$4.21/dmtu CIF China at the end of December 2020. 44% Mn ore prices rebounded in the current quarter due to stronger demand.

FeSi prices continued on its upward trend from December 2020, closing at US\$1,465 per metric tonne at the end of March 2021, as reported by Platts. The price of FeSi has been further supported during the quarter due to policy changes relating to power consumption in Inner Mongolia, reducing supply from the largest FeSi producing region in China.

Supported by strong regional demand and limited global production, the price of SiMn to Japan also closed higher at US\$1,280 per metric tonne, as reported by Platts.

OM Holdings Limited

CORPORATE

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

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

OMH (26%) and Ntsimbintle Holdings Proprietary Limited (74%) are shareholders in Ntsimbintle Mining Proprietary Limited (“NMPL”). NMPL holds a 50.1% interest in Tshipi, an independently operated and managed black-empowered manganese mining company that operates the Tshipi Borwa Manganese Mine located in the world class Kalahari Manganese field in South Africa. The Tshipi Borwa Manganese Mine currently has a production capacity of 3.3 to 3.6 million tonnes per annum.

In February 2021, Tshipi declared and paid a dividend of ZAR1.1 billion (approximately US\$73.4 million) for the 6 months ended 28 February 2021 to its 2 shareholders. The Group received its share of the dividend of ZAR131 million (approximately US\$8.7 million) net of withholdings tax from NMPL in the current quarter.

Tshipi Borwa Manganese Mine

Tshipi exports (100%) for the quarter ended 31 March 2021 totalled 795,460 tonnes (Q1 2020: 676,917 tonnes), which represented a 17.5% increase from the corresponding quarter in 2020. Tshipi exports (100%) for the previous quarter ended 31 December 2020 were 1,187,342 tonnes. Two vessels scheduled for March 2021 were rolled over to April 2021 resulting in lower export volumes for the quarter ended 31 March 2021.

2. Update on Bryah Farm-In and Joint Venture Agreement

As previously announced, OMM has executed a binding Farm-In and Joint Venture Agreement for the Bryah Basin Manganese Project with Bryah Resources Limited (ASX Code: BYH) (“Bryah Project”).

In 2019 OMM paid a signing fee of A\$0.25 million, funded A\$0.5 million of exploration expenditure in the initial exploration program and paid an exercise fee of A\$0.25 million to secure an initial 10% interest in the joint venture (“JV”). OMM subsequently increased its JV interest from 10% to 20% by funding \$0.5 million of exploration expenditure.



During the quarter ended 30 June 2020, OMM funded a further A\$0.25 million to BYH for the next phase of exploration and the balance of A\$0.25 million for tranche 2 was funded to BYH on 9 October 2020. OMM's JV interest has since increased from 20% to 30%.

On 4 December 2020 OMM funded a further A\$0.35 million to BYH for a diamond drilling program and metallurgical test work. A further A\$0.15 million was funded on 25 February 2021, which increased OMM's JV interest from 30% to 40%.

To date OMM has funded a total of A\$2.50 million towards the JV. A further A\$0.50 million is anticipated to be funded in Q2 and Q3 of 2021 which will then increase OMM's total JV interest to 51%.

Exploration Activities

Manganese exploration activities under the JV during the quarter ended 31 March 2021 primarily consisted of:

1. Seven shallow diamond drill holes which completed a 201m program to provide PQ (85mm) core for metallurgical test work. Initial assay analysis and density test work is in progress; and
2. Geological mapping of extensive untested areas of the Horseshoe Range has commenced to identify additional areas for manganese exploration.

3. Element 25 Limited ("E25")

In June 2020, a non-binding Memorandum of Understanding between OM Materials (S) Pte. Ltd. ("OMS") and ASX listed Element 25 Limited ("E25") was executed for the future supply of manganese ore from E25's 100% owned Butcherbird Project, located in Western Australia.

Commercial take or pay offtake terms have been finalized under a binding agreement signed on 27th January 2021 for 100% of the manganese ore produced from Stage 1 of the Butcherbird Project (365,000 tonnes per annum) for a five year term, with a conditional provision to extend it by another five years. The commissioning of the Butcherbird Project is continuing as planned with the first shipment targeted by mid Q2 2021.

CAPITAL STRUCTURE

There was no movement in the share capital structure of the Company during the quarter ended 31 March 2021. As at 31 March 2021, the Company had 738,623,337 ordinary shares on issue.

As announced previously on 8 March 2021, the remaining 12,500,000 unsecured convertible notes were fully redeemed in March 2021 for US\$10.7 million (equivalent to approximately A\$13.9 million).

In relation to the proposed secondary listing, the Company has received approval from Bursa Malaysia on 22 April 2021 in addition to conditional approval received from the SC as announced on 31 March 2021. The Company is expecting to achieve a listing on Bursa Malaysia no later than 30 June 2021 subject to the compliance with the terms and fulfilment of the conditions from SC and Bursa Malaysia.

ANNUAL GENERAL MEETING

The Company has convened its Annual General Meeting to be held on Thursday, 6 May 2021 commencing at 10.00am (Perth WST time) to be held in Perth, Western Australia.



Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley

Joint Company Secretary

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This ASX announcement was authorised for release by the Board of OM Holdings Limited.