

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

JUNE 2019 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 30 June 2019 of 57,901 tonnes of ferrosilicon (“FeSi”) and 62,750 tonnes of manganese alloy comprised mainly of silicomanganese (“SiMn”) and high carbon ferromanganese (“HCFMn”)
- A total of 58,330 tonnes of FeSi and 62,333 tonnes of manganese alloy were sold during the quarter ended 30 June 2019

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

- Manganese ore production of 195,216 tonnes with an average grade of 35.73% Mn for the quarter ended 30 June 2019
- Manganese ore shipments for the quarter ended 30 June 2019 were 184,395 tonnes with an average grade of 35.29% Mn and an additional 2,005 tonnes were sold domestically
- The Tailings Retreatment Plant is currently being assembled at the Bootu Creek mine site. Assembly is forecasted to be completed and the final on-site commissioning is expected within the next two weeks

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

- OMQ produced 9,132 tonnes of manganese alloy and 10,034 tonnes of manganese sinter ore, and sold 7,260 tonnes of manganese alloy for the quarter ended 30 June 2019



OPERATING PERFORMANCE (CONT'D)

MARKETING AND TRADING, AND MARKET UPDATE

- 516,018 tonnes of ores and alloys were transacted in the period from 1 April 2019 to 30 June 2019 as compared to 416,729 tonnes from 1 January 2019 to 31 March 2019, representing a quarter-on-quarter increase of 23.8%, due to a net increase of third party ores traded
- World crude steel production during April and May 2019 was 319.4 million tonnes, representing a 5.4% increase as compared to the same corresponding period in 2018

CORPORATE

- As previously announced, due to the significant sustainable turnaround in the Group's operations and surplus cash flows generated for FY2018, the Board declared a final dividend of A\$0.02 per fully paid ordinary share for FY2018. The Record Date for the dividend was 3 May 2019 and the final dividend was paid on 31 May 2019.



SMELTING

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

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

Commercial operation

As at 30 June 2019, 16 furnaces were in operation with 8 furnaces producing standard grade FeSi, 2 furnaces producing refined FeSi, and 6 furnaces producing manganese alloy. Production and sales for the quarter ended 30 June 2019 were as follows:

	Jun 2019 Quarter	Mar 2019 Quarter	YTD 2019
Tonnes			
Production			
Ferrosilicon	57,901	56,411	114,312
Manganese Alloy	62,750	59,175	121,925
Sales			
Ferrosilicon	58,330	51,171	109,501
Manganese Alloy	62,333	50,624	112,957

During the quarter ended 30 June 2019, the Plant produced a total of 57,901 tonnes of FeSi and 62,750 tonnes of manganese alloy. FeSi and manganese alloy production volumes for the quarter ended 30 June 2019 were higher by approximately 3% and 6% respectively as compared to the quarter ended 31 March 2019.

During the quarter ended 30 June 2019, a total of 58,330 tonnes of FeSi and 62,333 tonnes of manganese alloy were sold, as compared to 51,171 tonnes of FeSi and 50,624 tonnes of manganese alloy for the quarter ended 31 March 2019. This was mainly due to two vessel shipments of approximately 5,000 tonnes of FeSi and 7,000 tonnes of SiMn that were scheduled for the end of March 2019 that were delayed and only shipped in early April 2019.



SMELTING

OM MATERIALS (QINZHOU) Co Ltd (“OMQ”)

Production and sales from the Qinzhou smelter and sinter plant for the quarter ended 30 June 2019 are summarised below:

	Jun 2019 Quarter	Mar 2019 Quarter	YTD 2019
Tonnes			
Production			
Manganese Alloy	9,132	9,705	18,837
Manganese Sinter Ore	10,034	12,197	22,231
Sales			
Manganese Alloy	7,260	10,059	17,319
Manganese Sinter Ore	-	-	-

Production

During the quarter ended 30 June 2019, OMQ produced a total of 9,132 tonnes of manganese alloy and 10,034 tonnes of manganese sinter ore. Production at the end of the quarter was impacted by scheduled maintenance being conducted.

Sales

During the quarter ended 30 June 2019, OMQ secured sales of 7,260 tonnes of manganese alloy. Sinter ore production was utilised as feed for the production of manganese alloy 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 30 June 2019 is summarised below:

	Unit	Jun 2019 Quarter	Mar 2019 Quarter	YTD 2019
Mining				
Total Material Mined	bcms	2,598,615	1,845,504	4,444,119
Ore Mined – tonnes	dt	356,820	425,843	782,663
Ore Mined – Mn grade	%	21.07	20.15	20.57
Production				
Lumps – tonnes	dt	143,686	125,261	268,947
Lumps – Mn grade	%	35.20	35.08	35.14
Fines/SPP – tonnes	dt	51,530	39,901	91,431
Fines/SPP – Mn grade	%	37.21	36.72	37.00
Total Production – tonnes	dt	195,216	165,162	360,378
Total Production – Mn grade	%	35.73	35.48	35.61
Sales				
Lumps – tonnes	dt	136,301	129,056	265,357
Lumps – Mn grade	%	34.74	35.43	35.43
Fines/SPP – tonnes	dt	50,099	62,284	112,383
Fines/SPP – Mn grade	%	36.85	35.89	35.89
Total Sales – tonnes	dt	186,400	191,340	377,740
Total Sales – Mn grade	%	35.31	34.91	35.11



Mining

During the quarter ended 30 June 2019, a total of 2.6 million bcms of material was mined including 356,820 tonnes of ore at 21.07% Mn grade. Mining activities neared completion in the Yaka pit, continued in the Tourag Stage 8 pit and commenced in the Masai Stage 2 pit. Clear and grub activities commenced in the Shekuma Stage 8 pit following the receipt of the approval to mine from the Northern Territory Department of Primary Industry and Resources.

The total material mined in the quarter ended 30 June 2019 was significantly higher than in the quarter ended 31 March 2019 due to the increased production from the stripping phase of the Yaka, Tourag 8 and Masai 2 pits. However, the total ore mined of 356,820 tonnes for the quarter ended 30 June 2019 was lower than the previous quarter due to the completion of the Tourag Stage 6 pit and the Chugga Far North D pit, and the reliance on the Yaka pit as a source of ore until the planned targeted ore bodies from Masai 2, Tourag 8 and Shekuma 8 are accessed.

Emphasis was placed on advancing the Yaka pit adjacent to the Bootu Creek to complete the mining and backfill phase using the waste material from Tourag 8 pit prior to the wet season.

The Tourag 8 pit progressed the Stage 8B ramp cut, while the Masai 2A ramp cut and destack neared completion facilitating access to the orebody. Waste from both Tourag 8 and Masai 2 pits were deposited in support of the Masai sacred site buttress as planned so as to complete a fully backfilled pit in this area.

The Chugga Far North Stage E and F continues to be on hold while the mining program focuses on the above.

In addition to the mining activities, rehabilitation works advanced redundant waste rock dump shaping, topsoiling and ripping activities on both the western and eastern limbs during the quarter ended 30 June 2019.

Mining and production activities will be focussed on both the western and eastern limbs to improve ore supply and material blends from the higher yielding eastern Shekuma ore and the western Tourag and Masai ore bodies in the 30 September 2019 quarter.

Processing

The Mine achieved ore production of 195,216 tonnes for the quarter ended 30 June 2019 at an average grade of 35.73% Mn.

The process plant processed 604,675 tonnes of ROM for the quarter ended 30 June 2019 with a yield of 30.79% against the budgeted yield of 40.9%. The lower yield was mainly attributed to the highly siliceous Tourag ore, and the limited supply of the planned ore which led to significant quantities of lower grade material blended as supplementary feed. The availability of sourcing scheduled ore is continuing to be monitored.

Logistics

During the quarter ended 30 June 2019, a total of 184,395 tonnes of manganese product was exported through the Port of Darwin in six vessels, with an additional 2,005 tonnes sold domestically. Comparatively, in the corresponding quarter in 2018, a total of 149,762 tonnes of manganese product was exported through the Port of Darwin in five vessels.

Unit operating costs

The C1 unit cash operating cost for the quarter ended 30 June 2019 was A\$4.38/dmtu (US\$3.07/dmtu) as compared to A\$5.21/dmtu (US\$3.71/dmtu) for the quarter ended 31 March 2019. The decrease in the C1 unit cash operating cost in the current quarter was mainly due to higher production volumes which resulted in a lower overall C1 cost.

Update on Tailings Retreatment Plant (“TRP”)

The TRP was delivered to the Darwin Port on 25 May 2019. The TRP is currently being assembled at the Bootu Creek mine site and assembly is forecasted to be completed and the final on-site commissioning is expected within the next two weeks.



TRP being assembled on site – 11th July 2019

MARKETING AND TRADING UPDATE

During the quarter ended 30 June 2019, a total of 516,018 tonnes of ores and alloys was transacted, representing approximately a 23.8% quarter-on-quarter increase compared to the quarter ended 31 March 2019 of 416,729 tonnes. This increase was mainly from higher volumes of third party ores traded in the current quarter.

According to Worldsteel, world crude steel production during April and May 2019 was 319.4 million tonnes, representing an increase of 5.4% from the same corresponding period in 2018.

Metal Bulletin reported that the price of 44% Mn ore closed at US\$5.74/dmtu CIF China at the end of June 2019. This represented a decrease of US\$0.72/dmtu from the previous quarter of US\$6.46/dmtu CIF China and is mainly due to elevated levels of port stock in China throughout the current quarter.

Platts reported that prices of FeSi to Japan closed lower at US\$1,110 per metric tonne at the end of June 2019, a decrease from US\$1,170 per metric tonne at the end of March 2019. The fall in the price of FeSi was mainly due to an increased production rate by Chinese FeSi producers in China and a comparatively weaker global export market.



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 Limited (“NML”). NML 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.

Tshipi (100%) produced approximately 3.4 million tonnes for its financial year ended 28 February 2019 whilst also achieving a record sales target over the financial year of 3.5 million tonnes of export volume.

In June 2019, Tshipi paid to NML a special dividend of ZAR 576 million (approximately US\$40.9 million) for the 4 months ended 30 June 2019. It is expected that Tshipi will declare a further dividend for the remainder of the first half of FY2020, subject to manganese prices.

Tshipi Borwa Manganese Mine

Tshipi exports (100%) for the quarter ended 30 June 2019 totalled 945,078 tonnes (Q2 2018: 999,751 tonnes), representing approximately a 5.5% decrease from the corresponding quarter in 2018. Tshipi exports (100%) for the previous quarter ended 31 March 2019 were 745,916 tonnes.

2. Final Dividend

As previously announced, due to the significant sustainable turnaround in the Group's operations and surplus cash flows generated for FY2018, the Board declared a final dividend of A\$0.02 per fully paid ordinary share for FY2018. The Record Date for the dividend was 3 May 2019 and the final dividend was paid on 31 May 2019.

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

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”). This is in line with the Group's ongoing strategy to pursue and identify projects with potential for exploration success and prospective manganese ore production and marketing opportunities which are aligned with the Group's existing core businesses.

In May 2019, BYH completed Stage 1 of exploration drilling at the Horseshoe South mine and the Brumby Creek, Devils Hill and Black Cat Prospects with manganese mineralisation intersected from the surface at Brumby Creek. Stage 2 exploration drilling, as a follow-up to the Stage 1 program commenced in mid-June 2019 at the Brumby Creek Prospect and the Horseshoe South mine, with further drilling at other untested areas including the Black Hill and Black Caviar Prospects. This was completed on 3 July 2019 and the assay results for the Stage 2 drilling program are pending. These activities will also be progressed by BYH.



CAPITAL STRUCTURE

There were no movements in the share capital structure of the Company during the quarter ended 30 June 2019. As at 30 June 2019, the Company had 738,623,337 ordinary shares and 12,500,000 unsecured convertible notes.

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Joint Company Secretary