

OM HOLDINGS LIMITED

(ARBN 081 028 337)
(Malaysian Registration No. 202002000012 (995782-P))
Incorporated in Bermuda



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

Dear Sir/Madam

SEPTEMBER 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 30 September 2021 of 33,453 tonnes of ferrosilicon (“FeSi”), 59,307 tonnes of manganese alloys (silicomanganese (“SiMn”)) and 34,542 tonnes of manganese sinter ore
- A total of 23,894 tonnes of FeSi and 43,856 tonnes of manganese alloys were sold during the quarter ended 30 September 2021
- Entry applications for new foreign employees are being gradually approved by Government authorities on a case-by-case basis. However given the pace of approvals and long lead time to mobilize the new workforce due to additional COVID-19 protocols, it is anticipated that the impeded inflow of new foreign workers is unlikely to alleviate the temporary workforce shortage in the short-term due to employee home leave rotations commencing in Q4 2021. Production plans in and after Q4 2021 will potentially decrease before gradually ramping up to full production in 2022, subject to constraints beyond the Company's reasonable control
- Loan repayments of US\$4.8 million (approximately A\$6.5 million) were made to project finance lenders during the quarter ended 30 September 2021

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

- Manganese ore production of 230,566 tonnes with an average grade of 27.98% Mn for the quarter ended 30 September 2021

Singapore Office:
10 Eunos Road 8, #09-03A
Singapore Post Centre, Singapore 408600
Tel: 65-6346 5515 Fax: 65-6342 2242
Email address: om@ommaterials.com
Website: www.omholdingsltd.com
Malaysia

Malaysian Registered Office:
Unit 30-01, Level 30, Tower A
Vertical Business Suite Avenue 3
Bangsar South, No.8, Jalan Kerinchi
59200 Kuala Lumpur

ASX Code: OMH | Bursa Code: OMH (5298)



OPERATING PERFORMANCE (CONT'D)

- Manganese ore shipments for the quarter ended 30 September 2021 were 143,847 tonnes with an average grade of 27.96% Mn
- Based on current estimates, it is anticipated that all mining operations will be concluded in Q4 2021 with processing activities continuing with the remaining ore feedstocks
- The Ultra Fines Plant (“UFP”) produced 4,736 tonnes with an average grade of 27.91% Mn for the quarter ended 30 September 2021

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

- OMQ produced 11,183 tonnes of manganese alloys, 7,520 tonnes of manganese sinter ore and sold 16,512 tonnes of manganese alloys for the quarter ended 30 September 2021

MARKETING, TRADING AND MARKET UPDATE

- 492,954 tonnes of ores and alloys were transacted in the period from 1 July 2021 to 30 September 2021 as compared to 743,461 tonnes from 1 April 2021 to 30 June 2021, which represented a quarter-on-quarter decrease of 34% mainly due to a decrease in ores traded from Tshipi and OMM
- World crude steel production during July and August 2021 was 334.1 million tonnes, which represented a 4.1% increase as compared to the same period in 2020, signaling a continuous recovery from the pandemic
- Price of 44% Mn ore closed at US\$5.22/dmtu CIF China at the end of September 2021, marginally increasing from US\$5.15/dmtu CIF China at the end of June 2021
- FeSi prices surged from US\$1,920 to US\$4,150 per metric tonne CIF Japan while SiMn prices remained strong at US\$1,615 per metric tonne CIF Japan at the end of September 2021 according to S&P Global Platts

COVID-19 EMERGENCY AND RESPONSE

- The Company continues to prioritise the safety and well-being of employees across all its operations and the surrounding 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. During the quarter ended 30 September 2021, all eligible employees at OM Sarawak were fully vaccinated

CORPORATE

- As at 8 October 2021, a total of 88,151,946 shares were listed on Bursa Malaysia and 650,471,391 shares listed on the Australian Securities Exchange



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 30 September 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 were idled for the purpose of conversion to produce manganese alloys, while the other 2 furnaces were idled for the conversion to produce silicon metal.

	Sep 2021 Quarter	Jun 2021 Quarter	9 months YTD 2021
Tonnes			
Production			
Ferrosilicon	33,453	23,057	94,925
Manganese Alloys	59,307	37,691	154,134
Manganese Sinter Ore (<i>commissioning phase</i>)	34,542	14,223	71,591
Sales			
Ferrosilicon	23,894	30,331	79,254
Manganese Alloys	43,856	50,948	145,800
Manganese Sinter Ore (<i>trial production</i>)	-	-	7,132

Subsequent to the approval to resume operations in early July 2021, FeSi and manganese alloys production volumes increased by 45% and 57% respectively as compared to the prior quarter, while sinter ore production volume increased by 143% during trial production for the quarter ended 30 September 2021, as the sinter plant awaits technical commissioning.

During the quarter ended 30 September 2021, sales volumes for both FeSi and manganese alloys decreased by 21% and 14% respectively compared to the previous quarter. This was mainly attributed to the lower inventory of finished goods available for shipment due to the temporary suspension of the Plant at the end of the previous quarter.

With the Malaysian Government shifting into an endemic COVID-19 phase, restrictions for interstate and international travel for Malaysian residents fully vaccinated against COVID-19 have been lifted. Foreigners' entry into Malaysia however remain subject to various considerations depending on the travellers' country of origin and the respective mandatory safety procedures prior to and upon entry into Malaysia.

Entry applications for new foreign employees are being gradually approved by Government authorities on a case-by-case basis. However given the pace of approvals and long lead time to mobilize the new workforce due to additional COVID-19 protocols, it is anticipated that the impeded inflow of new foreign employees is unlikely to alleviate the temporary workforce shortage in the short-term due to employee home leave rotations in Q4 2021. Production plans in and after Q4 2021 will potentially decrease before gradually ramping up to full production in 2022, subject to constraints beyond the Company's reasonable control.



Loan repayments of US\$4.8 million (approximately A\$6.5 million) were made to the project finance lenders during the quarter ended 30 September 2021.

The final performance testing of the sinter plant and equipment installation works for the furnace conversion project have been deferred to 2022 due to the absence of onsite experienced contractors. Continuous engagement with relevant authorities to manage the immigration approval processes for the contractors are underway. If applications are approved by the end of 2021, the abovementioned projects are likely to be completed by the end of Q2 2022, taking into consideration the upcoming Christmas and Lunar New Year festive seasons in December 2021 and February 2022 respectively.

SMELTING **OM MATERIALS (QINZHOU) Co Ltd (“OMQ”)**

Production and sales from the Qinzhou smelter and sinter plant for the quarter ended 30 September 2021 are summarised below:

	Sep 2021 Quarter	Jun 2021 Quarter	9 months YTD 2021
Tonnes			
Production			
Manganese Alloys	11,183	16,087	35,867
Manganese Sinter Ore	7,520	12,160	21,989
Sales			
Manganese Alloys	16,512	14,635	34,566
Manganese Sinter Ore	-	-	-

Production

During the quarter ended 30 September 2021, OMQ produced a total of 11,183 tonnes of manganese alloys and 7,520 tonnes of manganese sinter ore. Production volumes for manganese alloys and manganese sinter ore decreased by 31% and 38% respectively compared to the previous quarter due to power rationing and production curbs imposed by the government authorities in China.

Sales

During the quarter ended 30 September 2021, OMQ secured sales of 16,512 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 30 September 2021 is summarised below:

	Unit	Sep 2021 Quarter	Jun 2021 Quarter	9 months 2021 YTD
Mining				
Total Material Mined	bcms	736,401	1,695,819	4,417,460
Ore Mined – tonnes	dt	324,720	339,880	910,259
Ore Mined – Mn grade	%	20.58	19.81	20.70
Production				
Lumps – tonnes	dt	187,708	164,734	508,589
Lumps – Mn grade	%	26.86	26.83	26.76
Fines/SPP/UFP – tonnes	dt	42,858	39,057	136,526
Fines/SPP/UFP – Mn grade	%	32.86	33.36	33.46
Total Production – tonnes	dt	230,566	203,791	645,115
Total Production – Mn grade	%	27.98	28.08	28.18
Sales				
Lumps – tonnes	dt	111,202	162,891	408,179
Lumps – Mn grade	%	26.54	27	26.63
Fines/SPP – tonnes	dt	32,645	65,938	145,879
Fines/SPP – Mn grade	%	32.78	33.89	33.77
Total Sales – tonnes	dt	143,847	228,829	554,058
Total Sales – Mn grade	%	27.96	28.79	28.51

Mining

During the quarter ended 30 September 2021, a total of 0.74 million bcms of material was mined including 324,720 tonnes of ore at a grade of 20.58% Mn.

The total material mined during the current quarter was lower compared to the quarter ended 30 June 2021 due to the completion of mining at the Chugga Far North F pit, focus of mining moving to the Shekuma 8 pit and the allocation of mining resources to the backfilling of the Yaka 4 pit void.

The backfilling of the Yaka 4 pit void is part of OMM’s rehabilitation obligation with a current completion deadline of 1 December 2021. A total of 0.5 million bcms was backfilled during the quarter ended 30 September 2021.

Processing of run of mine feed stocks will continue, with the ore from the Shekuma 8 pit being heavily affected by ground water.

Based on current estimates, it is anticipated that all mining operations will be concluded during the quarter ending 31 December 2021, with processing activities continuing with remaining ore feedstocks.



Processing

The Mine achieved ore production of 230,566 tonnes for the quarter ended 30 September 2021 at an average grade of 27.98% Mn.

A total of 566,471 tonnes of ore was crushed for the quarter ended 30 September 2021 including 88,427 tonnes of mineralised waste and 122,145 tonnes of mineralised rejects. The 558,450 tonnes of scrubbed material had a yield of 41.06%, a slight improvement as a result of processing lower tonnes of mineralised waste and rejects.

The UFP produced 4,736 tonnes of product at 27.91% Mn for the quarter ended 30 September 2021, performing at reduced yields as processing resources were dedicated to running the main processing plant.

In preparation for future standalone operations, further UFP trials were undertaken late in the quarter with feedstock from tailings storage facilities. These produced comparable results to initial feasibility test work at yields ranging from 12% to 17% and final grades ranging from 32% to 35% Mn. However, given the current manganese ore environment, after the main processing plant ceases operations, the Company will only enter into standalone UFP operations after a complete commercial reassessment has been undertaken to justify the project's financial sustainability.

Logistics

During the quarter ended 30 September 2021, a total of 143,847 tonnes of manganese product was exported through the Port of Darwin in three vessels. Comparatively, in the previous quarter, a total of 228,829 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 September 2021 was A\$4.13/dmtu (US\$3.04/dmtu) as compared to A\$4.96/dmtu (US\$3.82/dmtu) for the quarter ended 30 June 2021. The decrease in the C1 unit cost in the current quarter compared to the previous quarter was mainly due to an increase of 26,775 tonnes in manganese ore production.

Renner Springs Exploration

A Cultural Heritage survey was conducted over the 3 main prospect areas within the Renner Springs project, located approximately 75 kilometres northwest of the Bootu Creek mine site. These prospect areas, including the Renner West deposit, were cleared of any significant Archaeological sites. A Mining Lease application has been applied for over the Renner West deposit.



MARKETING AND TRADING UPDATE

During the quarter ended 30 September 2021, a total of 492,954 tonnes of ores and alloys were transacted, which represented a 34% quarter-on-quarter decrease compared to the quarter ended 30 June 2021, mainly due to the decrease in ores traded from Tshipi and OMM.

According to International Manganese Institute (IMnI), world crude steel production during July and August 2021 was 334.1 million tonnes, which represented an increase of 4.1% as compared to the same corresponding period in 2020, signalling a continuous recovery from the pandemic.

Fastmarkets MB reported that the price of 44% Mn ore closed at US\$5.22/dmtu CIF China at the end of September 2021, a slight increase from US\$5.15/dmtu CIF China at the end of June 2021. 44% Mn ore prices remained stable throughout the quarter with limited volatility.

As reported by S&P Global Platts, FeSi prices surged by 116.2% compared to the previous quarter ended 30 June 2021. FeSi prices closed at US\$4,150 per metric tonne CIF Japan while SiMn remained stable with a quarter-on-quarter increase of 4.5% and closed at US\$1,615 per metric tonne CIF Japan at the end of September 2021. As previously announced, the recent surge in FeSi prices was due in part to government policies in China in relation to the on-going power shortage, with power rationing imposed on energy-intensive industries which resulted in significant cuts in FeSi production, which in turn affected global supply and demand balance.

Freight markets remained elevated, with Fastmarkets MB reporting an implied freight of US\$1.68/dmtu from South Africa to China for 37% Mn ore at the end of September 2021, an increase from US\$1.53/dmtu at the end of June 2021. The persistent heightened freight rate is expected to continue affecting manganese ore trade and lowering netbacks of most manganese miners.

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.

Tshipi Borwa Manganese Mine

Tshipi exports (100%) for the quarter ended 30 September 2021 totalled 935,401 tonnes (Q3 2020: 972,100 tonnes), which represented a marginal decrease of 3.78% from the corresponding quarter in 2020. Tshipi exports (100%) for the previous quarter ended 30 June 2021 were 814,419 tonnes.

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.

OMM progressively funded an aggregate of A\$1.0 million to BYH in tranches between June to December 2020 for the next phase of exploration, diamond drilling program and metallurgical test work, which increased OMM’s JV interest to 40%.

OMM funded a further A\$0.25 million on 25 June 2021 and a further A\$0.25 million was funded on 24 September 2021 to conduct beneficiation test work, Reverse Circulation (“RC”) drilling of Gradient Array IP (“GAIP”) targets and completion of mineral resource estimates at the Horseshoe South Manganese Mine, Brumby Creek and Black Hill prospects.

To date OMM has funded a total of A\$3.0 million towards the JV, whereby once expended, OMM’s total JV interest will increase to 51%.

Bryah JV Exploration Activities

Manganese exploration activities under the JV during the quarter ended 30 September 2021 primarily consisted of:

1. A 69 RC drill hole program (2,271 metres) testing recent GAIP generated targets was focused mainly on the southern extension of Brumby Creek West and the new Redrum prospect located to the southeast of the Area 74 deposit. Drilling intersected several manganese intersections and assay results should be available by the end of October 2021, and
2. A total of 8 sighter samples, selected from representative manganese intersections cored in recent PQ diamond drilling, have been submitted for evaluation and selection of physical properties to be utilised in planned bulk sample Ore Sorter test work.

3. 701 Mile Manganese Project with Great Sandy Pty Ltd (“701 Mile Manganese Project”)

As previously announced, OMM executed a Farm-in and Exploration Joint Venture Agreement with Great Sandy Pty Ltd for the 701 Mile Manganese Project, located approximately 90km south east of Newman.

The manganese outcrop area has not been drill tested to date and there is no existing mineral resource estimate for the 701 Mile Manganese Project.

Activity to date has been limited to a drone survey for geology mapping and drill site planning. A Plan of Works has been approved by the Department of Mines, Industry Regulation and Safety. Ethnographic and Archaeological surveys are scheduled for mid-November and an initial wide spaced 70 RC drill hole program is planned for early 2022.

CAPITAL STRUCTURE

There was no movement in the share capital structure of the Company during the quarter ended 30 September 2021. As at 30 September 2021, the Company had 738,623,337 ordinary shares on issue.

The Company successfully completed its secondary listing process by debuting on the Main Market of Bursa Malaysia on 22 June 2021. As OMH shares are fully fungible between the 2 exchanges, shareholders are able to transfer their shares listed on the ASX to Bursa Malaysia and vice versa for trading.

As at 8 October 2021, a total of 88,151,946 shares were listed on Bursa Malaysia and 650,471,391 shares listed on the Australian Securities Exchange.



Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Joint Company Secretary

Further enquiries please contact:

Ms Jenny Voon

T: +65 6346 5515

E: investor.relations@ommaterials.com

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

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