

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

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SYDNEY NSW 2000

Dear Sir/Madam

DECEMBER 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 December 2021 of 36,134 tonnes of ferrosilicon (“FeSi”), 62,405 tonnes of manganese alloys (included silicomanganese (“SiMn”) and high carbon ferromanganese (“HCFeMn”)) and 28,233 tonnes of manganese sinter ore
- A total of 34,529 tonnes of FeSi and 58,138 tonnes of manganese alloys were sold during the quarter ended 31 December 2021
- In contrast to our previous forecast, 12 out of 16 furnaces were in operation throughout the quarter. Consequently, production in FY 2021 has exceeded production guidance
- The inflow of new foreign workforce continues to be impeded by the strict COVID-19 protocols implemented by both the Chinese and Malaysian authorities. This continues to impact total realizable capacity but to a lesser extent given planned major maintenance and conversion. Given that 12 out of 16 furnaces remain in operation, the production run rate is still expected to decrease in the short term before recovering later in 2022
- Loan repayments of US\$4.8 million (approximately A\$6.6 million) were made to project finance lenders during the quarter ended 31 December 2021

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

- Manganese ore production of 209,372 tonnes with an average grade of 29.18% Mn for the quarter ended 31 December 2021

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1



OPERATING PERFORMANCE (CONT'D)

- Manganese ore shipments for the quarter ended 31 December 2021 were 143,269 tonnes with an average grade of 28.41% Mn
- Mining of Shekuma 8, the final remaining viable pit, was completed on 13 December 2021. Processing activities of the remaining feedstocks will continue until early January 2022
- The Ultra Fines Plant (“UFP”) produced 6,529 tonnes of product at 23.65% Mn for the quarter ended 31 December 2021. Trials and production assessments are ongoing

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

- OMQ produced 11,688 tonnes of manganese alloys and 13,312 tonnes of manganese sinter ore, and sold 6,744 tonnes of manganese alloys for the quarter ended 31 December 2021

MARKETING, TRADING AND MARKET UPDATE

- 555,904 tonnes of ores and alloys were transacted in the period from 1 October 2021 to 31 December 2021 as compared to 492,954 tonnes from 1 July 2021 to 30 September 2021, which represented a quarter-on-quarter increase of 13%, partially due to recovery in trading volumes and partially due to unshipped material carried forward from the prior quarter’s production
- World crude steel production during October and November 2021 was 319.0 million tonnes, which represented an 8.6% decrease as compared to the same period in 2020, due to a significant reduction in Chinese steel production
- Price of 44% Mn ore closed at US\$5.60/dmtu CIF China at the end of December 2021, an increase from US\$5.22/dmtu CIF China at the end of September 2021
- FeSi price decreased from US\$4,150 to US\$2,110 per metric tonne CIF Japan while SiMn price decreased from US\$1,615 to US\$1,535 per metric tonne CIF Japan during the quarter ended 31 December 2021

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. Since the quarter ended 30 September 2021, all eligible employees at OM Sarawak are fully vaccinated
- Booster shots have been progressively carried out in Sarawak. As of 24 January, over 90.5% of employees at OM Sarawak have taken a booster shot.

CORPORATE

- As at 7 January 2022, a total of 99,787,002 shares were listed on Bursa Malaysia and 638,836,335 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 31 December 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 will be converted to produce manganese alloy furnaces, while another 2 furnaces will be converted to produce silicon metal in 2022. With 12 furnaces in operation throughout the quarter, production was considerably higher than previously forecasted.

	Dec 2021 Quarter	Sep 2021 Quarter	YTD 2021
Tonnes			
Production			
Ferrosilicon	36,134	33,453	131,059
Manganese Alloys	62,405	59,307	216,539
Manganese Sinter Ore (<i>commissioning phase</i>)	28,233	34,542	99,824
Sales			
Ferrosilicon	34,529	23,894	113,783
Manganese Alloys	58,138	43,856	203,938
Manganese Sinter Ore (<i>trial production</i>)	-	-	7,132

During the reporting quarter, FeSi and manganese alloys production volumes for the current quarter increased by 8% and 5% respectively as compared to the quarter ended 30 September 2021. This was mainly due to the gradual re-commencement of operations in early July 2021, after the temporary suspension of the Plant at the end of May 2021. Meanwhile, sinter ore is still in its trial production period with 28,233 tonnes of sinter ore produced in Q4 2021.

FeSi production and manganese alloys output achieved 68 tonnes and 109 tonnes per operation day, exceeding the nameplate daily production capacity of 55 tonnes and 90 tonnes per operation day respectively. Through constant routine maintenance with reduced unscheduled downtime and improvements in optimizing the raw material blends, 6 out of 10 FeSi furnaces (equivalent to a design production capacity of approximately 120,000 to 126,000 tonnes per annum) were able to achieve an annual production volume of 131,059 tonnes. Total manganese alloys production volume of 216,539 tonnes was lower than the design annual capacity due to the change in the product mix between SiMn and HCFeMn, where SiMn has a lower daily production output compared to HCFeMn. In 2021, 95% of the total manganese alloys produced were SiMn, in view of the higher market demand for SiMn.

During the quarter ended 31 December 2021, sales volumes for both FeSi and manganese alloys increased by 45% and 33% respectively as compared to the previous quarter ended 30 September 2021. This was mainly attributed to higher inventory levels available after production volume stabilised from the middle of Q3 2021 following the temporary suspension of the Plant at the end of May 2021.



The hiring of new Chinese skilled workers remains a challenge due to strict COVID-19 protocols imposed in both China and Malaysia. Chinese authorities have also slowed the issuance of new Chinese passports to restrict overseas travel and employment. The long mobilisation lead time due to the slow pace of approvals and the resumption of scheduled foreign workers home leave rotations thus continue to impact total realizable capacity, albeit to a lesser degree given that major furnace maintenance and conversion works have been planned in FY 2022.

Given that 12 out of 16 furnaces were still in operation as at 31 December 2021, the production run rate is still expected to decrease in the short term before recovering in the later part of FY2022.

Loan repayments of US\$4.8 million (approximately A\$6.6 million) were made to project finance lenders during the quarter ended 31 December 2021.

Equipment installation works for the FeSi furnace conversion project to produce manganese alloy has commenced following the arrival of Chinese contractors into the Plant in December 2021.

The Company has, in December 2021, initiated another conversion project to convert 2 units of FeSi furnaces to produce silicon metal. This project has commenced with dismantling work of the 2 FeSi furnaces, followed by civil works and equipment installation. Barring any unforeseen circumstances, the hot commissioning and testing works are expected to occur in December 2022.

SMELTING

OM MATERIALS (QINZHOU) Co Ltd (“OMQ”)

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

	Dec 2021 Quarter	Sep 2021 Quarter	YTD 2021
Tonnes			
Production			
Manganese Alloys	11,688	11,183	47,555
Manganese Sinter Ore	13,312	7,520	35,301
Sales			
Manganese Alloys	6,744	16,512	41,310
Manganese Sinter Ore	-	-	-

Production

During the quarter ended 31 December 2021, OMQ produced a total of 11,688 tonnes of manganese alloys and 13,312 tonnes of manganese sinter ore. Production volumes for manganese alloys and manganese sinter ore increased by 5% and 77% respectively compared to the previous quarter. There was no production in the month of December 2021 due to elevated power-tariffs in China.

Sales

During the quarter ended 31 December 2021, OMQ secured sales of 6,744 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 December 2021 is summarised below:

	Unit	Dec 2021 Quarter	Sep 2021 Quarter	2021 YTD
Mining				
Total Material Mined	bcms	320,263	736,401	4,737,723
Ore Mined – tonnes	dt	220,807	324,720	1,131,066
Ore Mined – Mn grade	%	21.46	20.58	20.85
Production				
Lumps – tonnes	dt	169,748	187,708	678,337
Lumps – Mn grade	%	28.72	26.86	27.25
Fines/SPP/UFP – tonnes	dt	39,624	42,858	176,150
Fines/SPP/UFP – Mn grade	%	31.17	32.86	32.95
Total Production – tonnes	dt	209,372	230,566	854,487
Total Production – Mn grade	%	29.18	27.98	28.42
Sales				
Lumps – tonnes	dt	143,269	111,202	551,448
Lumps – Mn grade	%	28.41	26.54	27.09
Fines/SPP – tonnes	dt	-	32,645	145,879
Fines/SPP – Mn grade	%	-	32.78	33.77
Total Sales – tonnes	dt	143,269	143,847	697,328
Total Sales – Mn grade	%	28.41	27.96	28.49

Mining

During the quarter ended 31 December 2021, a total of 0.32 million bcms of material was mined including 220,807 tonnes of ore at a grade of 21.46% Mn.

The total material mined during the current quarter was lower compared to the quarter ended 30 September 2021 due to the completion of mining in Shekuma 8, the final remaining viable pit, on 13 December 2021.

The backfilling of the Yaka 4 pit void, part of OMM’s rehabilitation obligation, was completed on 28 November 2021. A total of 0.78 million bcms was backfilled during the quarter ended 31 December 2021.

Processing of run of mine (ROM) ore stocks ceased on 7 January 2022.

Processing

The Mine achieved ore production of 209,372 tonnes for the quarter ended 31 December 2021 at an average grade of 29.18% Mn.

A total of 521,229 tonnes of ore was crushed for the quarter ended 31 December 2021 including 99,078 tonnes of mineralised waste and 63,298 tonnes of mineralised Heavy Medium



Separation (HMS) plant rejects. The 527,433 tonnes of scrubbed material had a yield of 37.08%, which was in line with processing lower tonnes of mineralised ore and rejects.

The UFP produced 6,529 tonnes of product at 23.65% Mn for the quarter ended 31 December 2021, performing at reduced yields as processing resources continued to be dedicated to running the main processing plant. The manganese product grade declined due to the higher iron levels in the plant feed stocks causing dilution.

The review of the standalone UFP operations is underway with further bulk processing trials being conducted in January 2022, along with some selected HMS plant reject samples being dispatched from site for Heavy Liquid Separation (HLS) test work. The results of the first phase of HLS test work are expected to be available in Q1 2022.

As the main processing plant ceased operation, OMM will only enter into standalone UFP operations following the finalisation of a complete re-assessment to validate the project's financial sustainability. Whilst the commercial viability of the UFP is continuing to be assessed, the remainder of the existing operation will effectively operate under a care and maintenance status. Measures have already been implemented and will continue to be undertaken during the expected period of care and maintenance with appropriate environmental management strategies and activities planned to manage/minimise the environmental impacts.

Logistics

During the quarter ended 31 December 2021, a total of 143,269 tonnes of manganese product was exported through the Port of Darwin in three vessels. Comparatively, in the previous quarter ended 30 September 2021, a total of 143,847 tonnes of manganese product was exported through the Port of Darwin in three vessels.

Unit operating costs

The C1 unit cash operating cost for the quarter ended 31 December 2021 was A\$3.80/dmtu (US\$2.77/dmtu) as compared to A\$4.13/dmtu (US\$3.04/dmtu) for the quarter ended 30 September 2021. The decrease in the C1 unit cost in the current quarter was mainly due to a reduction in costs from the cessation of mining activity as well as the capitalisation of rehabilitation activities.



MARKETING AND TRADING UPDATE

During the quarter ended 31 December 2021, a total of 555,904 tonnes of ores and alloys were transacted, which represented a 13% quarter-on-quarter increase compared to the quarter ended 30 September 2021, partially due to recovery in trading volumes and partially due to unshipped material carried forward from the prior quarter's production.

According to Worldsteel, world crude steel production during October and November 2021 was 319.0 million tonnes, which represented a decrease of 8.6% as compared to the same corresponding period in 2020, due to a significant reduction in China steel production.

Fastmarkets MB reported that the price of 44% Mn ore closed at US\$5.60/dmtu CIF China at the end of December 2021, an increase from US\$5.22/dmtu CIF China at the end of September 2021. 44% Mn ore prices remained supported throughout Q4 2021.

FeSi price fell from its high of US\$4,150 to US\$2,110 per tonne CIF Japan at the end of December 2021, while SiMn price fell from US\$1,615 to US\$1,535 per tonne CIF Japan. The decrease in FeSi price was mainly due to the easing of the energy crunch, as well as lower steel production in China during the quarter ended 31 December 2021.

Freight market trended downwards, easing at the end of December 2021 with Fastmarkets MB reporting an implied freight of US\$1.32/dmtu from South Africa to China for 37% Mn ore, compared to US\$1.68/dmtu at the end of September 2021.

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 31 December 2021 totalled 680,447 tonnes (Q4 2020: 1,187,342 tonnes), which represented a decrease of 42.7% from the corresponding quarter in 2020. Tshipi exports (100%) for the previous quarter ended 30 September 2021 were 935,401 tonnes. The total tonnage is similar to 2020 despite the 4.1% decrease in exports for Q4. This difference was due to a timing delay between actual operational production and the planned allocation of Tshipi's scheduled shipments across a number of months.

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 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 in the first quarter of 2022.

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%. This is expected to occur shortly and once earned OMM will also become the manager of the JV.

Bryah JV Exploration Activities

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

- Selection and preparation of 3 x 200 kg bulk sample, based on analysis of 8 sighter samples, for an Ore Sorter test program by Steinert Australia scheduled in mid-January 2022.

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 southeast of Newman.

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

Activity in the quarter ended 31 December 2021 included Ethnographic and Archaeological surveys covering the proposed area of an initial wide spaced 70 RC drill hole program. The area was cleared of any significant aboriginal sites and the drill program is scheduled for completion in the first quarter of 2022.

CAPITAL STRUCTURE

There was no movement in the share capital structure of the Company during the quarter ended 31 December 2021. As at 31 December 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 OMM 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 7 January 2022, a total of 99,787,002 shares were listed on Bursa Malaysia and 638,836,335 shares listed on the Australian Securities Exchange.

Yours faithfully

OM HOLDINGS LIMITED

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Joint Company Secretary

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