OM HOLDINGS LIMITED

(ARBN 081 028 337)

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29 October 2020

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

Dear Sir/Madam

SEPTEMBER 2020 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 2020 of 37,069 tonnes of ferrosilicon ("FeSi") and 56,185 tonnes of manganese alloys comprised mainly silicomanganese ("SiMn") and high carbon ferromanganese ("HCFeMn")**
- **A total of 45,052 tonnes of FeSi and 49,720 tonnes of manganese alloys were sold during the quarter ended 30 September 2020**
- **An additional ferrosilicon furnace was placed on maintenance during the current quarter. Limitations on hiring new foreign workers continued to impact the Plant's ability to operate at full capacity. The conversion of 2 idled ferrosilicon furnaces to produce manganese alloys is currently at the planning stage**

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

- **Manganese ore production of 203,131 tonnes with an average grade of 27.67% Mn for the quarter ended 30 September 2020**
- **Manganese ore shipments for the quarter ended 30 September 2020 were 158,126 tonnes with an average grade of 27.14% Mn and an additional 1,939 tonnes were sold domestically**
- **The Ultra Fines Plant (UFP) was commissioned at the end of March 2020 and produced 3,141 tonnes with an average grade of 29.30% Mn for the quarter ended 30 September 2020**

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

- **Production continued to be suspended since the end of March 2020 for the upgrading of the furnace transformer from 16.5MVA to 25.5MVA. 2,098 tonnes of manganese alloys were sold for the quarter ended 30 September 2020**

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OPERATING PERFORMANCE (CONT'D)

MARKETING, TRADING AND MARKET UPDATE

- **472,890 tonnes of ores and alloys were transacted in the period from 1 July 2020 to 30 September 2020 as compared to 380,530 tonnes from 1 April 2020 to 30 June 2020, representing a quarter-on-quarter increase of 24.3%**
- **World crude steel production during July and August 2020 was 275.1 million tonnes, representing a 5.3% decrease as compared to the same corresponding period in 2019, a decrease due to the impact of the COVID-19 pandemic on global industrial activities and demand. Nonetheless this represented an improvement compared to the previous quarter which recorded a 10.8% decrease year on year.**
- **Price of 44% Mn ore closed at US$4.39/dmtu CIF China at the end of September 2020, a decrease from US$5.02/dmtu CIF China at the end of June 2020, due to excess supply of port stocks in China with reduced demand for manganese ore**

COVID-19 EMERGENCE AND RESPONSE

- **The Company continues to prioritise the safety and wellbeing of all employees and communities whilst maintaining operational resilience in its key business areas. Ongoing improvement in the business continuity plans implemented allows for flexibility in response to the constant changing environment due to the COVID-19 pandemic**

CORPORATE

- **As previously announced, the Board had reassessed the balance of the final dividend of A$0.005 per ordinary share previously deferred and announced on 30 March 2020. The Board resolved to pay the balance of A$0.005 per ordinary share of the final dividend for FY2019. The Record Date for the dividend remains at 8 May 2020 and the Payment Date will be 27 November 2020**

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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 metric tonnes of sinter ore per annum.

Commercial operation

As at 30 September 2020, 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 have been idled with the other 2 FeSi furnaces placed on regular maintenance.

	Sep 2020 Quarter	Jun 2020 Quarter	YTD 2020
Tonnes			
Production			
Ferrosilicon	**37,069**	**44,200**	**133,577**
Manganese Alloy	**56,185**	**57,692**	**165,600**
Sales			
Ferrosilicon	**45,052**	**30,998**	**125,590**
Manganese Alloy	**49,720**	**44,666**	**149,553**

During the quarter ended 30 September 2020, FeSi production volumes decreased by 16% while manganese alloys production reduced marginally by 3%. An additional ferrosilicon furnace was placed on scheduled maintenance during the current quarter which resulted in lower FeSi production volume. The limitations on hiring foreign skilled and semi-skilled manpower continued to impact the Plant's ability to operate at full capacity. Applications for entry into Malaysia for key technical employees stranded in China as a result of the closure of international borders for travel are currently ongoing and are subject to the approval of the Immigration Department of Malaysia.

The sales volumes for both FeSi and manganese alloys for the quarter ended 30 September 2020 increased by approximately 45% and 11% respectively. The significant increase in FeSi sales volumes were mainly due to higher demand with a nascent recovery in regional steel production.

During the quarter ended 30 September 2020, loan repayments of US$3.2 million (approximately A$4.5 million) were made to the project finance lenders.

In early October 2020, the sinter plant was successfully hot commissioned. Performance testing is currently underway prior to full commercial production of sintered ores by the end of FY2020. The conversion of 2 idled ferrosilicon furnaces for the production of manganese alloys is currently at the planning stage. The conversion is motivated by a need to align product mix with market demand, and to generate the highest return per furnace over the full price cycle. This will also have the added benefit of creating more synergies with manganese ore production. Furnace conversions had been performed earlier in 2016 for 6 furnaces.

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SMELTING
OM MATERIALS (QINZHOU) Co Ltd ("OMQ")

Production and sales from the Qinzhou smelter and sinter plant for the quarter ended 30 September 2020 are summarised below:

	Sep 2020 Quarter	Jun 2020 Quarter	YTD 2020
Tonnes			
Production			
Manganese Alloy	-	-	**10,140**
Manganese Sinter Ore	-	-	**8,051**
Sales			
Manganese Alloy	**2,098**	**4,811**	**10,300**
Manganese Sinter Ore	-	**1,528**	**1,528**

Production

Production continued to be suspended since the end of March 2020 for the upgrading of the furnace transformer from 16.5MVA to 25.5MVA to improve production efficiency. The furnace is anticipated to restart within the 1st half of FY2021 taking into consideration the challenging manganese alloys market in China.

Sales

During the quarter ended 30 September 2020, OMQ secured sales of 2,098 tonnes of manganese alloys from existing stockpile inventories.

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EXPLORATION AND MINING
OM (MANGANESE) LTD ("OMM")

Production at the 100% owned Bootu Creek Manganese mine (the "**Mine**") for the quarter ended 30 September 2020 is summarised below:

	Unit	Sep 2020 Quarter	Jun 2020 Quarter	YTD 2020
Mining				
Total Material Mined	bcms	2,247,864	1,572,094	5,121,306
Ore Mined – tonnes	dt	358,149	386,400	780,650
Ore Mined – Mn grade	%	19.15	19.01	18.93
Production				
Lumps – tonnes	dt	175,026	169,187	420,351
Lumps – Mn grade	%	26.62	27.05	26.76
Fines/SPP/UFP – tonnes	dt	28,105	32,402	83,928
Fines/SPP/UFP – Mn grade	%	34.19	35.62	34.77
Total Production – tonnes	**dt**	**203,131**	**201,589**	**504,279**
Total Production – Mn grade	**%**	**27.67**	**28.43**	**28.09**
Sales				
Lumps – tonnes	dt	143,819	173,285	371,815
Lumps – Mn grade	%	26.40	26.88	26.59
Fines/SPP – tonnes	dt	16,246	31,486	58,159
Fines/SPP – Mn grade	%	34.74	35.54	35.27
Total Sales – tonnes	**dt**	**160,065**	**204,771**	**429,974**
Total Sales – Mn grade	**%**	**27.24**	**28.21**	**27.76**

Mining

During the quarter ended 30 September 2020, a total of 2.2 million bcms of material was mined including 358,149 tonnes of ore at a grade of 19.15% Mn.

On the western limb, mining activities focussed on developing the Masai 4, Masai 3 and Masai 2B cutbacks. Mining activities commenced in Chugga Far North Stage E, on the eastern limb, in late July 2020 with ore production scheduled for early October 2020.

During the current quarter, no rainfall events were recorded. However, Masai 4 encountered wet conditions towards the final stages of mining due to the close proximity of the water table to the ore body, with Masai 2 also demonstrating similar conditions as it nears completion. The extracted wet ore from both Masai 2 and 3 impacted the processing plants feed with reduced crushing and plant throughput rates.

The total material mined in the quarter ended 30 September 2020 was higher than in the previous quarter as the undulating terrain in Masai 2 and 3 was mined out during the second quarter ended 30 June 2020.

During the current quarter, all other waste dumping areas reached their capacity limits and waste mined from Masai 3 and 2 was used to backfill the completely mined pits of Masai 4 and Yaka 4 respectively.

Approval to mine Chugga Far North Stages E, F, G and H has been granted by the Department of Primary Industry and Resources (DPIR) during the quarter ended 30 September 2020. Geotechnical studies were completed for Shekuma Stage 8 and the Independent Review Engineer report was submitted to the DPIR for approval to mine Shekuma Stage 8. Mining activities for the fourth quarter ending 31 December 2020 will be focused on Masai 3 on the western limb and Chugga Far North Stages E & G 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 current quarter.

Processing

The Mine achieved ore production of 203,131 tonnes for the quarter ended 30 September 2020 at an average grade of 27.67% Mn.

A total of 588,861 tonnes of ore was crushed for the quarter ended 30 September 2020 including 189,773 tonnes of mineralised waste. The 592,026 tonnes of scrubbed material had a yield of 34.31%. The improved yield was attributed to feeding an increased proportion of higher-grade ore directly from the western limb pits. The lump product grade strategy continued to target 26% Mn in line with processing the lower yielding western limb ores.

The UFP produced 3,141 tonnes of product at 29.30% Mn for the quarter ended 30 September 2020. An independent engineer has been engaged to review the technical start-up issues identified and to implement measures aimed at optimising the performance of the UFP.

Logistics

During the quarter ended 30 September 2020, a total of 158,126 tonnes of manganese product was exported through the Port of Darwin in four vessels with an additional 1,939 tonnes sold domestically. Comparatively, in the previous quarter, a total of 203,803 tonnes of manganese product was exported through the Port of Darwin in six vessels, with 968 tonnes sold domestically.

Unit operating costs

The C1 unit cash operating cost for the quarter ended 30 September 2020 was A$4.98/dmtu (US$3.56/dmtu) as compared to A$4.65/dmtu (US$3.06/dmtu) for the quarter ended 30 June 2020. The increase in the C1 unit cash operating cost in the current quarter was mainly due to increased mining activities with waste stripping in Chugga Far North Stage E.

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MARKETING AND TRADING UPDATE

During the quarter ended 30 September 2020, a total of 472,890 tonnes of ores and alloys were transacted, representing approximately a 24.3% quarter-on-quarter increase compared to the quarter ended 30 June 2020.

According to Worldsteel, world crude steel production during July and August 2020 was 275.1 million tonnes, which represented a decrease of 5.3% as compared to the same corresponding period in 2019 due to the impact of the COVID-19 pandemic on global industrial activities and demand. Nonetheless this represented an improvement compared to the previous quarter which recorded a 10.8% decrease year on year.

Fastmarkets MB reported that the price of 44% Mn ore closed at US$4.39/dmtu CIF China at the end of September 2020, a decrease from US$5.02/dmtu CIF China at the end of June 2020. 44% Mn ore prices continued to soften given the excess supply of port stocks in China with reduced demand of manganese ore.

Platts reported that prices of FeSi to Japan closed higher at US$1,060 per metric tonne at the end of September 2020, an increase from US$975 per metric tonne at the end of June 2020. The increase was mainly due to reduced FeSi exports from China to the global market as steel production activities recover domestically, tightening FeSi supply outside China.

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 August 2020, Tshipi declared and paid a dividend of ZAR 330 million for the 6 months period ended 31 August 2020 to its 2 shareholders. The Group is expected to receive its share of this dividend from NMPL in the fourth quarter of 2020.

Tshipi Borwa Manganese Mine

Tshipi exports (100%) for the quarter ended 30 September 2020 totalled 972,100 tonnes (Q3 2019: 839,462 tonnes), which represented a 15.8% increase from the corresponding quarter in 2019. Tshipi exports (100%) for the previous quarter ended 30 June 2020 were 527,326 tonnes. The increased in volumes exported was due to shipment delays in the second quarter which were rolled-over to the third quarter of 2020.

2. Final Dividend

As previously announced, the Board had reassessed the balance of the final dividend of A$0.005 per ordinary share previously deferred and announced on 30 March 2020. The Board resolved to pay the balance of A$0.005 per ordinary share of the final dividend for FY2019. The Record Date for the dividend remains at 8 May 2020 and the Payment Date will be 27 November 2020.

3. 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").

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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 $500,000 of exploration expenditure.

During the quarter ended 30 June 2020, OMM funded a further A$250,000 to BYH for the next phase of exploration and the balance A$250,000 for tranche 2 was funded to BYH on 9 October 2020. Once these funds have been expended (currently planned for Q4 2020), OMM's JV interest will increase from 20% to 30%.

Exploration Activities

Manganese exploration activities under the JV during the quarter ended 30 September 2020 primarily consisted of:

1. Follow-up drilling at the Black Hill, Black Beauty and Cheval Prospectus; and
2. Heritage surveys commenced to expand the areas to be cleared for further drilling at the Brumby Creek area.

BYH is currently at an advanced planning stage for a reconnaissance ground geophysical survey, and for drilling of PQ (85mm) core for proposed metallurgical test work, which is targeted to commence in Q4 2020. In-fill drilling is expected to commence in the December 2020 quarter ahead of a mineral resource estimation in early 2021.

4. Element 25 Limited ("E25")

In June 2020, a non-binding Memorandum of Understanding between a wholly-owned subsidiary, OM Materials (S) Pte. Ltd. ("OMS") and ASX listed Element 25 Limited ("E25") was executed for the future supply of manganese ore (up to 365,000 tonnes per annum) from E25's 100% owned Butcherbird Manganese Project, located in Western Australia.

Key commercial take or pay offtake terms have been agreed under a non-binding term sheet with E25 in October 2020 with definitive documents currently being drafted and finalised. A A$2,000,000 convertible note is currently under negotiation for OMS to part fund development of the Butcherbird Manganese Project in accordance with a pre-feasibility study which expects E25 to commence production by mid-2021.

CAPITAL STRUCTURE

There was no movement in the share capital structure of the Company during the quarter ended 30 September 2020. As at 30 September 2020, the Company had 738,623,337 ordinary shares and 12,500,000 unsecured convertible notes on issue.

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Joint Company Secretary

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

Further enquiries please contact:
Ms Jenny Voon
Tel: +65 6346 5515
Email: investor.relations@ommaterials.com