

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

JUNE 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 June 2021 of 23,057 tonnes of ferrosilicon ("FeSi") and 37,691 tonnes of manganese alloys comprised mainly silicomanganese ("SiMn") and low carbon silicomanganese ("LCSiMn")
- A total of 30,331 tonnes of FeSi and 50,948 tonnes of manganese alloys were sold during the quarter ended 30 June 2021
- Operations recommenced with an initial 4 furnaces in early July 2021. Production was subsequently ramped-up in stages, with 12 furnaces (6 FeSi and 6 manganese alloys furnaces) currently in production
- Given the prolonged period of operating without home leave for foreign employees due to border closures, it is expected that the pressure on the existing labour force will intensify in Q4 2021 and production plans may be further modified in the absence of any changes in the permitting process of foreign workers
- Loan repayments of US\$4.8 million (approximately A\$6.4 million) were made to project finance lenders during the quarter ended 30 June 2021
- The final performance testing of the sinter plant and equipment installation works for the furnace conversion project have been deferred to the end of 2021 due to the extension of the lockdown in Malaysia restricting the entry of foreign nationals

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OPERATING PERFORMANCE (CONT'D)

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

- Manganese ore production of 203,791 tonnes with an average grade of 28.08% Mn for the quarter ended 30 June 2021
- Manganese ore shipments for the quarter ended 30 June 2021 were 228,829 tonnes with an average grade of 28.79% Mn
- Based on current estimates, with the declining ore grade and limited ore body, it is anticipated that all mining operations will be concluded within 2021 and processing activities continuing with remaining ore feedstocks
- The Ultra Fines Plant (UFP) produced 3,735 tonnes with an average grade of 26.70% Mn for the quarter ended 30 June 2021

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

- OMQ produced 16,087 tonnes of manganese alloys and 12,160 tonnes of manganese sinter ore and sold 14,635 tonnes of manganese alloys for the quarter ended 30 June 2021

MARKETING, TRADING AND MARKET UPDATE

- 743,461 tonnes of ores and alloys were transacted in the period from 1 April 2021 to 30 June 2021 as compared to 575,638 tonnes from 1 January 2021 to 31 March 2021, which represented a quarter-on-quarter increase of 29%, in part due to an increase in ores traded from Tshipi and OMM
- World crude steel production during April and May 2021 was 353.5 million tonnes, which represented a 21.3% increase as compared to the same period in 2020, signaling a strong rebound from the low base numbers last year due to worldwide lockdowns
- Price of 44% Mn ore closed at US\$5.15/dmtu CIF China at the end of June 2021, a slight decrease from US\$5.32/dmtu CIF China at the end of March 2021
- FeSi and SiMn prices continued to perform strongly with a sharp increase of 31% and 21% respectively compared to the previous quarter. FeSi prices closed at US\$1,920 per metric tonne CIF Japan while SiMn closed at US\$1,545 per metric tonne CIF Japan at the end of June 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
- On 20 July 2021, OM Sarawak donated laptops and personal protective equipment consisting of disposable coveralls, latex gloves, medical gowns and hand sanitizers to the Bintulu Division Health Office. This contribution will facilitate the COVID-19 vaccination programmes and various active case detection activities within the Bintulu Division



OPERATING PERFORMANCE (CONT'D)

CORPORATE

- The Company successfully completed its secondary listing process by debuting on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 22 June 2021, with a listing reference price of RM2.57 per share with a total of 16.8 million shares initially made available for trading on the listing day
- As at 27 July 2021, a total of 59,129,887 shares are listed on Bursa Malaysia and 679,493,450 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

During the quarter ended 30 June 2021, 12 out of 16 furnaces were allocated for the operation with 6 furnaces allocated to produce FeSi and 6 furnaces to produce 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 remained idled and will be available to be re-started once manpower constraints have been alleviated.

	Jun 2021 Quarter	Mar 2021 Quarter	YTD 2021
Tonnes			
Production			
Ferrosilicon	23,057	38,415	61,472
Manganese Alloys	37,691	57,136	94,827
Manganese Sinter Ore (<i>commissioning phase</i>)	14,223	22,826	37,049
Sales			
Ferrosilicon	30,331	25,029	55,360
Manganese Alloys	50,948	50,996	101,944
Manganese Sinter Ore (<i>trial production</i>)	-	7,132	7,132

However, operations were temporarily suspended at the Plant from 28 May 2021 following directions from relevant Government Authorities after an active COVID-19 case detection exercise was carried out. Consequently, when compared to the prior quarter, FeSi production volumes decreased by 40% while manganese alloys and manganese sinter ore production volumes fell by 34% and 38% respectively.

As previously announced on 5 July 2021, OM Sarawak has subsequently been granted approval to resume operations under strict standard operating procedures with additional COVID-19 precautionary measures in place. Operations have recommenced with an initial 4 furnaces in early July 2021. Production has subsequently ramped-up in stages, with 12 furnaces (6 FeSi and 6 manganese alloys furnaces) currently in production.

Manpower shortages continue to impact the Plant's ability to operate at full capacity as the country's border remains closed with strict travel restrictions imposed. The Plant's production plan for the second half of 2021 may continue to be readjusted in accordance with the latest conditions, depending on manpower availability and scheduled leave rotation requirements. Given the prolonged period of operating without home leave for foreign employees due to border closures, it is expected that the pressure on the existing labour force will intensify in Q4 2021 and production plans may be further modified in the absence of any changes in the permitting process of foreign workers.

Sales volumes for FeSi increased by 21% with sales rolling over from the first quarter of 2021 due to logistical delays, while manganese alloys sales volumes decreased marginally for the quarter ended 30 June 2021. During the temporary production suspension, delivery of



processed material to customers continued albeit at a reduced rate through third party logistic service providers to partially mitigate the impact to the supply chain.

Loan repayments of US\$4.8 million (approximately A\$6.4 million) were made to the project finance lenders during the quarter ended 30 June 2021.

The final performance testing of the sinter plant and equipment installation works for the furnace conversion project are expected to be deferred to the end of 2021 following the extension of lockdown restrictions in Malaysia. The Company continues to engage with the relevant Government Authorities to manage the immigration approval processes for required foreign skilled manpower and contractors in an effort to alleviate the manpower constraints at the Plant. These personnel are crucial to the completion of both the manganese alloy conversion and expansion projects, the final performance testing for the sinter plant, as well as to restart the 2 idled FeSi furnaces, and to carry out scheduled major maintenance on the furnaces.

SMELTING

OM MATERIALS (QINZHOU) Co Ltd (“OMQ”)

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

	Jun 2021 Quarter	Mar 2021 Quarter	YTD 2021
Tonnes			
Production			
Manganese Alloys	16,087	8,597	24,684
Manganese Sinter Ore	12,160	2,309	14,469
Sales			
Manganese Alloys	14,635	3,419	18,054
Manganese Sinter Ore	-	-	-

Production

During the quarter ended 30 June 2021, OMQ produced a total of 16,087 tonnes of manganese alloys and 12,160 tonnes of manganese sinter ore. Production was successfully ramped-up with two furnaces in full production during the quarter ended 30 June 2021.

Sales

During the quarter ended 30 June 2021, OMQ secured sales of 14,635 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 June 2021 is summarised below:

	Unit	Jun 2021 Quarter	Mar 2021 Quarter	YTD 2021
Mining				
Total Material Mined	bcms	1,695,819	1,985,240	3,681,059
Ore Mined – tonnes	dt	339,880	245,660	585,540
Ore Mined – Mn grade	%	19.81	22.10	20.77
Production				
Lumps – tonnes	dt	164,734	156,147	320,881
Lumps – Mn grade	%	26.83	26.56	26.70
Fines/SPP/UFP – tonnes	dt	39,057	54,611	93,668
Fines/SPP/UFP – Mn grade	%	33.36	34.01	33.74
Total Production – tonnes	dt	203,791	210,758	414,549
Total Production – Mn grade	%	28.08	28.49	28.29
Sales				
Lumps – tonnes	dt	162,891	134,086	296,977
Lumps – Mn grade	%	27	26.59	26.66
Fines/SPP – tonnes	dt	65,938	47,297	113,235
Fines/SPP – Mn grade	%	33.89	34.29	34.05
Total Sales – tonnes	dt	228,829	181,382	410,211
Total Sales – Mn grade	%	28.79	28.60	28.70

Mining

During the quarter ended 30 June 2021, a total of 1.70 million bcms of material was mined including 339,880 tonnes of ore at a grade of 19.81% Mn.

The total material mined during the current quarter was lower compared to the quarter ended 31 March 2021 due to mining ore from deeper pits and ore was affected by substantial groundwater exposed.

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

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 September 2021 will focus on completion of mining activities within Chugga Far North Stage F and Shekuma Stage 8 on the eastern limb.

All real-time pit monitoring equipment has performed well since it was implemented with minor geotechnical concerns encountered in Chugga Far North Stage F and Shekuma Stage 8.



Based on current estimates, with the declining ore grade and limited ore body, it is anticipated that all mining operations will be concluded within 2021 with processing activities continuing with remaining ore feedstocks.

Processing

The Mine achieved ore production of 203,791 tonnes for the quarter ended 30 June 2021 at an average grade of 28.08% Mn.

A total of 549,821 tonnes of ore was crushed for the quarter ended 30 June 2021 including 119,831 tonnes of mineralised waste and 202,673 tonnes of mineralised rejects. The 554,379 tonnes of scrubbed material had a yield of 34.47% as a result of processing higher tonnes of mineralised waste and rejects.

The UFP produced 3,735 tonnes of product at 26.70% Mn for the quarter ended 30 June 2021. The UFP continues to underperform on yield and grade expectations, with the lower-than-expected feed grade contributing to the lower result for the quarter. Subsequent to the end of the quarter screening efficiencies have improved from approximately 65% to 80% but still require further investigation and optimisation together with the design engineering company to achieve an acceptable level of above 90%. Classifier optimisation work continues with the pilot plant operating in parallel to the UFP being commissioned to properly determine the underlying root cause and evaluate ongoing performance.

Logistics

During the quarter ended 30 June 2021, a total of 228,829 tonnes of manganese product was exported through the Port of Darwin in five vessels. Comparatively, in the previous quarter, a total of 181,382 tonnes of manganese product was exported through the Port of Darwin in four vessels.

Unit operating costs

The C1 unit cash operating cost for the quarter ended 30 June 2021 was A\$4.96/dmtu (US\$3.82/dmtu) as compared to A\$4.73/dmtu (US\$3.66/dmtu) for the quarter ended 31 March 2021. The marginal increase in the C1 unit cost in the current quarter compared to the previous quarter was mainly due to a marginal decrease in total production tonnage in the current quarter.



MARKETING AND TRADING UPDATE

During the quarter ended 30 June 2021, a total of 743,461 tonnes of ores and alloys were transacted, which represented a 29% quarter-on-quarter increase compared to the quarter ended 31 March 2021, in part due to an increase in ores traded from Tshipi and OMM.

According to International Manganese Institute (IMnI), world crude steel production during April and May 2021 was 353.5 million tonnes, which represented an increase of 21.3% as compared to the same corresponding period in 2020, signalling a strong global recovery from the low base numbers given the global lockdown since last year.

Fastmarkets MB reported that the price of 44% Mn ore closed at US\$5.15/dmtu CIF China at the end of June 2021, a slight decrease from US\$5.32/dmtu CIF China at the end of March 2021. 44% Mn ore prices remained resilient during the quarter after adjustments at the end of April 2021.

FeSi and SiMn prices continue to perform strongly with a sharp increase of 31% and 21% respectively compared to the previous quarter ended 31 March 2021. FeSi prices closed at US\$1,920 per metric tonne CIF Japan while SiMn closed at US\$1,545 per metric tonne CIF Japan at the end of June 2021. In addition to emissions policies in China dampening ferroalloy production, the increase in FeSi and SiMn prices were supported by stronger regional demand amidst reduced supply due to temporary disruptions in India and at OM Sarawak during the current quarter.

Freight markets continue to remain elevated, with Fastmarkets MB reporting an implied freight of US\$1.53/dmtu from South Africa to China for 37% Mn ore. Elevated freight has largely affected the manganese ore trade and lowering netbacks of a majority of mines, while alloy sales being largely limited to intra-Asia has been affected to a lesser degree.

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 June 2021 totalled 814,419 tonnes (Q2 2020: 527,326 tonnes), which represented a 54% increase from the corresponding quarter in 2020 due to the nationwide lockdown in South Africa which resulted in lesser exports during April and May 2020. Tshipi exports (100%) for the previous quarter ended 31 March 2021 were 795,460 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 is anticipated to be funded to Bryah in Q3 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\$2.75 million towards the JV. With the anticipated funding of A\$0.25 million in Q3 2021, once expended, OMM's total JV interest will increase to 51%.

Exploration Activities

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

1. Seven shallow diamond drill holes which completed a 201m program to provide PQ (85mm) core for metallurgical test work. Assay analysis and density test work has been completed and metallurgical test work including Ore Sorter bulk sample runs will be completed in Q3 2021; and
2. Geological mapping of extensive untested areas of the Horseshoe Range was completed, identifying several additional areas for manganese exploration. Follow up Gradient Array IP geophysical surveys have since been completed over the areas of interest, confirming 5 new drill targets. Reverse Circulation (RC) drill testing commenced in July 2021.

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 first sales contract was concluded in May 2021 with the first shipment of approximately 27,000 tonnes of manganese ore exported from Port Hedland on 14 July 2021.

4. 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 (POW) has been submitted and is currently being assessed by the Department of Mines, Industry Regulation and Safety (DMIRS).



CAPITAL STRUCTURE

There was no movement in the share capital structure of the Company during the quarter ended 30 June 2021. As at 30 June 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 with a listing reference price of RM2.57 per share calculated based on the closing market price traded on the ASX of A\$0.825 on 21 June 2021, multiplied by the closing Bank Negara Malaysia A\$:RM exchange rate of A\$1.00:RM3.1115.

A total of 16.8 million shares were initially made available for trading on Bursa Malaysia on the listing date. 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 27 July 2021, a total of 59,129,887 shares are listed on Bursa Malaysia and 679,493,450 shares listed on the Australian Securities Exchange.

Yours faithfully

OM HOLDINGS LIMITED

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