

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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29 April 2019

ASX Market Announcements

ASX Limited

4th Floor

20 Bridge Street

SYDNEY NSW 2000

Dear Sir/Madam

MARCH 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 31 March 2019 of 56,411 tonnes of ferrosilicon (“FeSi”) and 59,175 tonnes of manganese alloy comprising mainly silicomanganese (“SiMn”), high carbon ferromanganese (“HCFeMn”), and low carbon silicomanganese (“LCSiMn”)
- A total of 57,171 tonnes of FeSi and 50,624 tonnes of manganese alloy were sold during the quarter ended 31 March 2019

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

- Manganese ore production of 165,162 tonnes with an average grade of 35.48% Mn for the quarter ended 31 March 2019
- Manganese ore shipments for the quarter ended 31 March 2019 were 188,207 tonnes with an average grade of 34.87% Mn and an additional 3,133 tonnes were sold domestically
- The construction of the Tailings Retreatment Plant at the contractor’s site in South Africa is completed, with the shipment of the disassembled plant leaving Durban, South Africa in April 2019 and the arrival in Darwin anticipated to occur in late May 2019. Commissioning at Bootu Creek is expected to be completed in July 2019

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

- OMQ produced 9,705 tonnes of manganese alloy and 12,197 tonnes of manganese sinter ore, and sold 10,059 tonnes of manganese alloy for the quarter ended 31 March 2019



OPERATING PERFORMANCE (CONT'D)

MARKETING AND TRADING, AND MARKET UPDATE

- 416,729 tonnes of ores and alloys were transacted in the period from 1 January 2019 to 31 March 2019 as compared to 504,895 tonnes from 1 October 2018 to 31 December 2018, representing a quarter-on-quarter decrease of 17.5%, due to a net reduction of third party ores traded
- World crude steel production during January and February 2019 was 287.6 million tonnes, representing a 3.7% increase as compared to the same corresponding period in 2018

CORPORATE

- As previously announced on 25 February 2019, the Board has declared a final dividend of A\$0.02 per fully paid ordinary share for FY2018. The Record Date for the dividend will be 3 May 2019 and the Payment Date will be 31 May 2019. This final dividend was in addition to the interim dividend of A\$0.03 per fully paid ordinary share declared and paid with respect to the half year ended 30 June 2018.
- In March 2019, the Company received a dividend of approximately A\$13.2 million (net of withholding tax) for the six months ended 28 February 2019 through its wholly owned subsidiary which has a 26% interest in Ntsimbintle Mining Limited ("NML"). NML holds a 50.1% interest in Tshipi é Ntle Manganese Mining Proprietary Limited ("Tshipi"). Tshipi owns the Tshipi Borwa Manganese Mine in South Africa



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 31 March 2019, 16 furnaces were in operation with 9 furnaces producing standard grade FeSi, 1 furnace producing refined FeSi, and 6 furnaces producing manganese alloy. Production and sales for the quarter ended 31 March 2019 were as follows:

	Mar 2019 Quarter	Dec 2018 Quarter	YTD 2019
Tonnes			
Production			
Ferrosilicon	56,411	57,792	56,411
Manganese Alloy	59,175	61,734	59,175
Sales			
Ferrosilicon	51,171	60,222	51,171
Manganese Alloy	50,624	64,474	50,624

During the quarter ended 31 March 2019, the Plant produced a total of 56,411 tonnes of FeSi and 59,175 tonnes of manganese alloy. FeSi and manganese alloy production volumes for the quarter ended 31 March 2019 were lower by approximately 2% and 4% respectively as compared to the quarter ended 31 December 2018. This was mainly a result of February being a shorter month with only 28 days of production.

During the quarter ended 31 March 2019, a total of 51,171 tonnes of FeSi and 50,624 tonnes of manganese alloy were sold, as compared to 60,222 tonnes of FeSi and 64,474 tonnes of manganese alloy for the quarter ended 31 December 2018.



SMELTING

OM MATERIALS (QINZHOU) Co Ltd (“OMQ”)

Production and sales from the Qinzhou smelter and sinter plant for the quarter ended 31 March 2019 are summarised below:

	Mar 2019 Quarter	Dec 2018 Quarter	YTD 2019
Tonnes			
Production			
Manganese Alloy	9,705	11,274	9,705
Manganese Sinter Ore	12,197	14,354	12,197
Sales			
Manganese Alloy	10,059	10,060	10,059
Manganese Sinter Ore	-	-	-

Production

During the quarter ended 31 March 2019, OMQ produced a total of 9,705 tonnes of manganese alloy and 12,197 tonnes of manganese sinter ore.

Sales

During the quarter ended 31 March 2019, OMQ secured sales of 10,059 tonnes of manganese alloy.

EXPLORATION AND MINING

OM (MANGANESE) LTD (“OMM”)

Production at the 100% owned Bootu Creek Manganese mine (the “Mine”) for the quarter ended 31 March 2019 is summarised below:

	Unit	Mar 2019 Quarter	Dec 2018 Quarter	YTD 2019
Mining				
Total Material Mined	bcms	1,845,504	1,911,309	1,845,504
Ore Mined – tonnes	dt	425,843	428,333	425,843
Ore Mined – Mn grade	%	20.15	20.52	20.15
Production				
Lumps – tonnes	dt	125,261	148,389	125,261
Lumps – Mn grade	%	35.08	35.06	35.08
Fines/SPP – tonnes	dt	39,901	45,173	39,901
Fines/SPP – Mn grade	%	36.72	36.75	36.72
Total Production – tonnes	dt	165,162	193,562	165,162
Total Production – Mn grade	%	35.48	35.46	35.48
Sales				
Lumps – tonnes	dt	129,056	179,489	129,056
Lumps – Mn grade	%	35.43	35.45	35.43
Fines/SPP – tonnes	dt	62,284	53,525	62,284
Fines/SPP – Mn grade	%	35.89	36.40	35.89
Total Sales – tonnes	dt	191,340	233,014	191,340
Total Sales – Mn grade	%	34.91	35.67	34.91



Mining

During the quarter ended 31 March 2019, a total of 1.85 million bcms of material was mined including 425,843 tonnes of ore at 20.15% Mn grade. Mining activities neared completion in the Chugga Far North pit, continued in the Tourag Stage 8 pit and commenced in the Yaka 4 pit following the approval to mine and lodgement of a new environmental bond with the Department of Primary Industry and Resources NT.

The total material and ore mined in the quarter ended 31 March 2019 was lower than in the quarter ended 31 December 2018 due to the slower mining rates in Chugga Far North Stages C and D with issues on mining at depth, complex faulting, high iron and pit wall failures associated with the weak hanging wall structures.

The Tourag pit progressed with the de-stacking of the older ramps and commencement of mining the main ore body. The remaining ore in Chugga Far North Stage D will continue to be extracted at a reduced rate due to normal mining constraints of a pit nearing completion at depth.

The recently commenced Chugga Far North Stages E and F will be rescheduled until later in the year to enable the timely completion and backfilling of the Yaka 4 pit during the dry season as per the imposed conditions of the mining approval and so as to not impact the Bootu Creek naturally occurring river beds and banks.

Proposals are underway to advance the higher yielding Shekuma Stage 8 ore into the 2019 mining program so as to complement the blended ore supply, while mining lower yielding ores from the planned Masai and remnant Tourag Stages.

The Bootu Creek operation was not significantly impacted by the seasonal wet season for the quarter ended 31 March 2019. All mining and production activity will be focussed on the western limb to improve mine efficiency and equipment utilisation in the 30 June 2019 quarter.

Processing

The Mine achieved ore production of 165,162 tonnes for the quarter ended 31 March 2019 at an average grade of 35.48% Mn.

The process plant processed 541,506 tonnes of ROM for the quarter ended 31 March 2019 with a yield of 30.5% against the budgeted yield of 34.6%. The lower yield was mainly attributed to the delay in the commencement of mining of Yaka Stage 4 which has impacted the planned continuous ore supply which required some lower grade material to be used as supplementary feed.

Logistics

During the quarter ended 31 March 2019, a total of 188,207 tonnes of manganese product was exported through the Port of Darwin in six vessels, with an additional 3,133 tonnes sold domestically. Comparatively, in the corresponding quarter in 2018, a total of 162,267 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 31 March 2019 was A\$5.21/dmtu (US\$3.71/dmtu) as compared to A\$4.58/dmtu (US\$3.29/dmtu) for the quarter ended 31 December 2018. The increase in the C1 unit cash operating cost in the current quarter was mainly due to lower than expected yields attributed to lower production volumes which resulted in a higher overall C1 cost.

Mineral Resource and Ore Reserve Update

On 18 March 2019, OMH announced an updated Mineral Resource and Ore Reserve position as at 31 December 2018. Further details are provided at omholdingsltd.com.

Update on Tailings Retreatment Plant (“TRP”)

Construction and pre-delivery commissioning of the TRP at the contractor’s premises in South Africa was completed in the quarter ended 31 March 2019. The TRP was shipped from Durban in April 2019 and is expected to arrive in Darwin towards the end of May 2019. Upon arrival at the mine site, the TRP will be assembled and final on-site commissioning is expected to be completed in July 2019.



TRP being assembled for pre-delivery commissioning

MARKETING AND TRADING UPDATE

During the quarter ended 31 March 2019, a total of 416,729 tonnes of ores and alloys was transacted, representing approximately a 17.5% quarter-on-quarter decrease compared to the quarter ended 31 December 2018 of 504,895 tonnes. This decrease was mainly from lower volumes of third party ores traded in the current quarter.

According to Worldsteel, world crude steel production during January and February 2019 was 287.6 million tonnes, representing an increase of 3.7% from the same corresponding period in 2018.

Metal Bulletin reported that the price of 44% Mn ore closed at US\$6.46/dmtu CIF China at the end of March 2019. This represented a decrease of US\$0.50/dmtu from the previous quarter of US\$6.96/dmtu CIF China.

Platts reported that prices of FeSi to Japan closed lower at US\$1,170 per metric tonne at the end of March 2019, a decrease from US\$1,260 per metric tonne at the end of December 2018. The fall in the price of FeSi was mainly due to an increased production rate by Chinese FeSi producers and higher inventory levels in 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 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 March 2019, NML paid to the Company a dividend of approximately ZAR 133 million (approximately A\$13.2 million) net of withholding taxes for the six months ended 28 February 2019.

Tshipi Borwa Manganese Mine

Tshipi exports (100%) for the quarter ended 31 March 2019 totalled 745,916 tonnes (Q1 2018: 840,719 tonnes), representing approximately a 14.7% decrease from the corresponding quarter in 2017. Tshipi exports (100%) for the previous quarter ended 31 December 2018 were 761,236 tonnes.

2. Final Dividend

As previously announced on 25 February 2019, the significant sustainable turnaround in the Group’s operations and surplus cash flow generated for FY2018 has resulted in the Board resolving to declare a final dividend of A\$0.02 per fully paid ordinary share for FY2018. The Record Date for the dividend will be 3 May 2019 and the Payment Date will be 31 May 2019. The resumption of the Company’s dividend policy in FY2018 is acknowledgement for the outstanding operational and financial performance of all the Group’s operations in FY2018.

3. 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”).

The Bryah Project is located in central Western Australia and covers exploration rights for manganese on 5 exploration licences held by BYH, the southern portion of 1 exploration licence held by BYH and 2 exploration licences and 2 mining leases held by third parties over which BYH has the rights to explore. The Bryah Project also includes the Horseshoe South Manganese Mine which is currently not operational but historically has produced manganese.

Pursuant to the Farm-In and Joint Venture Agreement for the Bryah Project, OMM has paid a signing fee of A\$0.25 million and been granted an option to acquire an initial 10% interest in the Bryah Project. OMM has committed to a stage 1 funding of A\$0.5 million of expenditure for drill testing of priority manganese targets on the Bryah Project which must be completed by 30 June 2019.

Following the receipt of the exploration results from the stage 1 funding program OMM can elect to exercise its option by paying an exercise fee of A\$0.25 million to earn the initial 10% interest



in the Bryah Project and an unincorporated joint venture will be established, or OMM can choose to withdraw from the Bryah Project with no further commitments. Upon exercising the option, OMM must fund a further A\$2 million of expenditure (to be staged over four equal tranches of A\$0.5 million each which will earn OMM a 10% incremental interest for tranches 1 to 3 and an 11% interest for tranche 4) by 30 June 2022 earning OMM a total 51% interest in total of the unincorporated joint venture. OMM can elect to cease funding at any time during stage 2 and retain its joint venture interest earned to that point.

Upon OMM earning its 51% interest in the unincorporated joint venture, OMM may elect to further contribute (if BYH declines to contribute their share) a further A\$1.8 million and A\$2.5 million to earn a further 9% interest and 10% interest respectively, which will bring OMM's total interest in the unincorporated joint venture to 70%.

OMM's right to acquire an interest in the joint venture is subject to OMM obtaining Foreign Investment Review Board approval in accordance with *Foreign Acquisitions and Takeovers Act 1975* (Cth). If the approval is not satisfied then the agreement will be terminated.

The joint venture between OMM and BYH applies only to manganese mineral rights with BYH retaining the rights to all other commodities.

In the event a decision to mine is determined, a Sales Agency Agreement will be negotiated in good faith between OMH and BYH on commercial terms and conditions with respect to 100% of all manganese ore produced from the Bryah Project.

This Farm-in and Joint Venture with BYH forms part of the ongoing strategy to pursue and identify projects which may have expectations for exploration success and ultimately manganese mining production and marketing opportunities which are aligned with the OMH Group's existing core businesses. Other such opportunities are continuing to be evaluated and assessed.

CAPITAL STRUCTURE

There were no movements in the share capital structure of the Company during the quarter ended 31 March 2019. As at 31 March 2019, the Company had 738,623,337 ordinary shares and 12,500,000 unsecured convertible notes.

The 26,000,000 unlisted warrants lapsed on 25 March 2019.

ANNUAL GENERAL MEETING

OMH will be convening its Annual General Meeting on Thursday 30 May 2019, at 10 Eunos Road 8, Singapore Post Centre, #07-31 (via North Lift Lobby), Singapore commencing at 9.30am (Singapore time).

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Joint Company Secretary