

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 2022 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 2022 was 35,004 tonnes of ferrosilicon (“FeSi”), 60,767 tonnes of manganese alloys (included silicomanganese (“SiMn”) and high carbon ferromanganese (“HCFeMn”)) and 30,446 tonnes of manganese sinter ore
- A total of 37,779 tonnes of FeSi and 52,172 tonnes of manganese alloys were sold during the quarter ended 30 June 2022
- Major scheduled maintenance works commenced in June 2022, beginning with manganese alloy furnaces, followed by FeSi furnaces
- Two furnaces to be converted to the production of manganese alloys have commenced hot commissioning and performance testing on 27 June and 25 July respectively
- Loan repayment of US\$6.5 million (approximately A\$9.0 million) was made to project finance lenders during the quarter ended 30 June 2022
- Conditional share purchase agreement (“SPA”) with Samalaju Industries Sdn Bhd (“SISB”) for SISB to sell its 25% interest in OM Materials (Sarawak) Sdn Bhd (“OM Sarawak”) and OM Materials (Samalaju) Sdn Bhd (“OM Samalaju”), for cash consideration of USD120 million less the aggregate amount of shareholders’ loans owing. Upon completion expected late in H2 2022, the OMH Group will own 100% of the Sarawak Project

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OPERATING PERFORMANCE (CONT'D)

MARKETING, TRADING AND MARKET UPDATE

- 422,380 tonnes of ores and alloys were transacted in the period from 1 April 2022 to 30 June 2022 as compared to 405,269 tonnes from 1 January 2022 to 31 March 2022, which represented a quarter-on-quarter increase of 4.2%
- World crude steel production during March and April 2022 was 334.2 million tonnes, which represented a 6.4% decrease as compared to the same period in 2021, due to a continued slowdown in Chinese steel production
- Price of 44% Mn ore closed lower at US\$7.27/dmtu CIF China at the end of June 2022, a decrease of approximately 6.8%, from US\$7.80/dmtu CIF China at the end of March 2022
- FeSi price decreased from US\$2,225 to close at US\$1,925 per metric tonne CIF Japan and SiMn price decreased from US\$1,775 to close at US\$1,225 per metric tonne CIF Japan at the end of June 2022

CORPORATE

- As at 11 July 2022, a total of 110,170,986 shares were listed on Bursa Malaysia and 628,452,351 shares were listed on the Australian Securities Exchange
- OMH was classified as Shariah-compliant by the Shariah Advisory Council of Securities Commission Malaysia, with effect from 27 May 2022



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 6 units are allocated for the production of FeSi, 8 units for manganese alloys and 2 units for silicon metal which are currently undergoing conversion works. The Plant will have a design capacity to produce approximately 120,000 to 126,000 tonnes of FeSi, 333,000 to 400,000 tonnes of manganese alloys and 21,000 to 24,500 tonnes of silicon metal per annum upon completion of the conversion works. 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 June 2022, 12 out of 16 furnaces were in operation with 6 furnaces producing FeSi and 6 furnaces producing manganese alloys. Of the remaining 4 furnaces, 1 furnace is undergoing conversion to produce manganese alloys (“FeSi - Manganese Alloys Conversion Project”), 1 furnace is undergoing scheduled major maintenance and another 2 furnaces are undergoing conversion to produce silicon metal (“FeSi – Silicon Metal Conversion Project”).

	Jun 2022 Quarter	Mar 2022 Quarter	YTD 2022
Tonnes			
Production			
Ferrosilicon	35,004	33,925	68,929
Manganese Alloys	60,767	60,540	121,307
Manganese Sinter Ore (<i>commissioning phase</i>)	30,446	25,647	56,093
Sales			
Ferrosilicon	37,779	30,718	68,497
Manganese Alloys	52,172	57,632	109,804

For the quarter ended 30 June 2022, production volumes for FeSi and manganese alloys increased by 3.2% and 0.4% respectively.

For the quarter ended 30 June 2022, sales volumes for FeSi increased by 23.0%, and manganese alloys decreased by 9.5% as compared to the previous quarter ended 31 March 2022. The increase of FeSi sales volume was mainly attributed to delayed shipments at the end of March 2022 which were carried forward to Q2 2022.

Major scheduled maintenance works commenced in June 2022, beginning with manganese alloy furnaces, followed by FeSi furnaces. The furnaces scheduled for major maintenance will be shut down in stages, to minimise disruptions to ongoing operations.

Two furnaces to be converted to the production of manganese alloys have commenced hot commissioning and performance testing on 27 June and 25 July respectively. For the FeSi - Silicon Metal Conversion Project, demolition works were completed and civil modification works are ongoing. The smelter equipment fabrication has been completed and delivered to the Plant in batches for installation. Barring any unforeseen circumstances, hot commissioning and testing works are expected to occur in December 2022.

Loan repayment of US\$6.5 million (approximately A\$9.0 million) was made to project finance lenders during the quarter ended 30 June 2022.



Share Purchase Agreement

Further to the ASX announcements dated [5 May 2022](#), [31 May 2022](#) and [14 June 2022](#), OMH's wholly owned subsidiary, OM Materials (S) Pte Ltd ("OMS") has entered into a conditional share purchase agreement ("SPA") with Samalaju Industries Sdn Bhd ("SISB") for SISB to sell all its shares held (25% interest) in OM Materials (Sarawak) Sdn Bhd ("OM Sarawak") and OM Materials (Samalaju) Sdn Bhd ("OM Samalaju"), (collectively the "Targets") ("Sale Shares") for total cash consideration of USD 120 million less the aggregate amount of shareholders' loans ("Purchase Consideration"). Following the sale and purchase of the Sale Shares, OMS which currently holds 75% of the equity interest in the Targets will increase its equity interest in the Targets to 100%.

Subject to the terms and conditions as set out in the SPA, OMS agrees to purchase and SISB agrees to sell:

- (a) 165,594,162 ordinary shares representing 25% of the issued and paid up ordinary share capital of OM Sarawak and 43,690,300 irredeemable convertible preference shares in OM Sarawak, representing 25% of the issued and paid up preference share capital of OM Sarawak; and
- (b) 32,077,500 ordinary shares in OM Samalaju, representing 25% of the issued and paid up share capital of OM Samalaju.

(collectively, the "Transaction")

The Transaction includes the full and final settlement and full discharge of all shareholders' loans (including interests payable) between SISB and the Targets as of the closing date ("Shareholders' Loans"). Collectively, these Shareholders' Loans (including interests payable) amount to approximately USD 10.5 million as at 31 May 2022.

The conditions precedent within the SPA must be fulfilled or waived on or prior to 15 September 2022, or such other date as may be agreed in writing by both parties.

Upon fulfilment or waiver of the last condition precedent within the SPA, OMS shall pay the Purchase Consideration by way of cash on the closing date being sixty (60) business days following the date of the fulfilment or waiver of the conditions precedent or such other date as may be mutually agreed in writing between SISB and OMS.

OMH intends to fund the Purchase Consideration through a combination of existing cash reserves, future operating cash flows and/or an equity raising in the second half of 2022.



EXPLORATION AND MINING
OM (MANGANESE) LTD (“OMM”)

Production at the 100% owned Bootu Creek Manganese mine (the “Mine”) ceased as planned during the quarter ended 31 December 2021. Processing of the final ore occurred in January 2022 and sales during the quarter ended 30 June 2022 are summarised below:

	Unit	Jun 2022 Quarter	Mar 2022 Quarter	YTD 2022
Mining				
Total Material Mined	bcms	-	-	-
Ore Mined – tonnes	dt	-	-	-
Ore Mined – Mn grade	%	-	-	-
Production				
Lumps – tonnes	dt	-	12,463	12,463
Lumps – Mn grade	%	-	29.27	29.27
Fines/SPP/UFP – tonnes	dt	-	5,608	5,608
Fines/SPP/UFP – Mn grade	%	-	27.39	27.39
Total Production – tonnes	dt	-	18,071	18,071
Total Production – Mn grade	%	-	28.69	28.69
Sales				
Lumps – tonnes	dt	59,056	58,000	117,056
Lumps – Mn grade	%	26.47	29.28	27.86
Fines/SPP – tonnes	dt	-	27,296	27,296
Fines/SPP – Mn grade	%	-	33.20	33.20
Total Sales – tonnes	dt	59,056	85,296	144,352
Total Sales – Mn grade	%	26.47	30.53	28.87

Processing

The Mine was placed under care and maintenance mode since the end of January 2022. Measures have already been implemented and will continue to be undertaken during the period of care and maintenance with appropriate environmental management strategies and activities planned to manage environmental requirements.

The UFP rectification plan is ongoing to resolve poor screening efficiency, tails pumping issues and increase the water supply to the UFP.

Logistics

During the quarter ended 30 June 2022, a total of 59,056 tonnes of manganese product was exported, compared to 85,296 tonnes of manganese product exported in the quarter ended 31 March 2022.

Environmental Programs

During the quarter ended 30 June 2022, rehabilitation progressed at the Mine. Five targets were met between 1 April 2022 and 30 June 2022 for the rehabilitation of the Shekuma Waste



Rock Dump (“WRD”) and remedial works to address extensive erosion wash-out of Xhosa, Gogo, Shekuma and the Central WRDs.

Additional site clean-up earthworks were brought into the program in May 2022 to remediate unnecessary windrows, bunds, and un-used areas with shaping and topsoil, to return the site with a greater sense of environmental and self-sustaining completeness while blended with surrounding WRDs.

WRD rehabilitation on the Eastern Limb has been completed, except for cross ripping and seeding, which is expected to be completed in the next wet season. Rehabilitation of the Western Limb has commenced and is estimated to be completed by the end of October 2022.

MARKETING AND TRADING UPDATE

During the quarter ended 30 June 2022, a total of 422,380 tonnes of ores and alloys were transacted, which represented a 4.2% quarter-on-quarter increase compared to the previous quarter ended 31 March 2022.

According to the International Manganese Institute (IMnI), world crude steel production during April and May 2022 was 334.2 million tonnes, which represented a decrease of 6.4% as compared to the same corresponding period in 2021, mainly due to the continued slowdown in Chinese steel production.

Fastmarkets MB reported that the price of 44% Mn ore closed lower at US\$7.27/dmtu CIF China at the end of June 2022, a decrease of 6.8% from US\$7.80/dmtu CIF China at the end of March 2022.

FeSi price decreased from US\$2,225 to close at US\$1,925 per metric tonne CIF Japan, while SiMn price decreased from US\$1,775 to close at US\$1,225 per metric tonne CIF Japan at the end of June 2022. The price decrease during the quarter was mainly driven by reduced demand from steel mills amid higher energy costs and a weaker global steel market.

Freight rates continued to increase during the quarter ended 30 June 2022, with Fastmarkets MB reporting an implied freight of US\$1.51/dmtu from South Africa to China for 37% manganese ore, compared to US\$1.41/dmtu at the end of March 2022.

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.

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 2022 totalled 780,275 tonnes, which represented a decrease of 3.5% from the previous quarter ended 31 March 2022.

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.

OMM has since progressively funded a further A\$2.26 million to the joint venture in tranches between June 2020 to April 2022 for subsequent phases of exploration including Gradient Array IP (“GAIP”) geophysics, Reverse Circulation (“RC”) and diamond drilling programs, metallurgical test work, and Mineral Resource estimates over the Horseshoe South, Horseshoe Extended, Brumby Creek East, Brumby Creek West, Area 74 and Black Hill prospect areas.

BYH released its maiden Inferred and Indicated JORC 2012 compliant Mineral Resource estimate of 1.84 million tonnes at 21.0% Mn¹. This comprised an Indicated Mineral Resource of 1.08 million tonnes at 21.7% Mn and an Inferred Mineral Resource of 0.75 million tonnes at 19.9% Mn.

During the quarter ended 30 June 2022, a 1,458 metre RC drill program was completed in late June 2022, which tested selected geophysical targets at the Black Hill, Black Beauty, Brumby Creek and Horseshoe South prospect areas. Further RC drilling are planned for next quarter once additional Heritage Clearance areas are completed. Assay results are currently pending.

Gradient Array Induced Polarisation (GAIP) surveys are planned for Q3 2022 in the west of the Black Beauty Prospect Area to identify potential manganese targets. A follow up drill program will be planned thereafter.

To date, OMM has funded a total of A\$3.26 million towards the Bryah Basin Manganese JV (“BBMJV”), with a total joint venture interest of 51%. OMM is now the manager of the BBMJV. BYH has advised it will continue to fund its 49% joint venture interest.

¹ Refer Bryah Resources Limited (ASX: BYH) ASX announcement dated 3 March 2022 “Maiden Bryah Basin Manganese Mineral Resource”

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.

Ethnographic and Archaeological surveys covering the proposed area of an initial wide spaced 70 RC drill hole program were completed in the quarter ended 31 December 2021. The area was cleared of any significant Aboriginal sites.

A Land Access Agreement with the pastoral lease owner was executed in March 2022.

An initial wide spaced drill program of 56 RC holes (1,393m) was completed in June 2022 with assay results currently pending.

4. Weelaranna Project Area

E52/3892 is a 100% OM (Manganese) Ltd owned Exploration Licence (recently trimmed to 30 blocks) located to the west of the 701 Mile Manganese Project area.

Geological mapping has commenced, and a 90 square kilometre high resolution image and Lidar aerial survey was completed in May 2022.



CAPITAL STRUCTURE

There was no movement in the share capital structure of the Company during the quarter ended 30 June 2022. As at 30 June 2022, the Company had 738,623,337 ordinary shares on issue.

As at 11 July 2022, a total of 110,170,986 shares were listed on Bursa Malaysia and 628,452,351 shares were listed on the Australian Securities Exchange.

SHARIAH-COMPLIANCE

As announced on 27 May 2022 OMH has been classified as Shariah-compliant by the Shariah Advisory Council of Securities Commission Malaysia. This classification was pursued following completion of the secondary listing on Bursa Malaysia Securities Berhad in 2021.

Shariah-compliant securities are securities of a public-listed company which have been classified as Shariah permissible for investment, based on the company's compliance with Shariah principles in terms of its primary business and investment activities as well as its financial position.

By being Shariah-compliant it provides OMH with the opportunity to further expand its existing and future shareholder base.

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley

Joint Company Secretary

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