

# 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 2023 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 (100% owned smelter in Samalaju, East Malaysia)

- Production output for the quarter ended 30 June 2023 was 29,891 tonnes of ferrosilicon (“FeSi”), 70,776 tonnes of manganese alloys (included silicomanganese (“SiMn”) and high carbon ferromanganese (“HCFeMn”)) and 42,230 tonnes of manganese sinter ore
- A total of 29,565 tonnes of FeSi and 64,573 tonnes of manganese alloys were sold during the quarter ended 30 June 2023
- 2 manganese alloy furnaces and 1 FeSi furnace underwent major maintenance work and subsequently commenced hot commissioning and performance testing
- Both silicon metal furnaces were designed to produce either silicon metal or FeSi through raw materials and operational setting adjustments. With this flexibility, FeSi production commenced for one silicon metal furnace in June 2023
- Loan repayment of US\$9.3 million was made to project finance lenders during the quarter ended 30 June 2023

#### MARKETING, TRADING AND MARKET UPDATE

- 493,060 tonnes of ores and alloys were transacted in the period from 1 April 2023 to 30 June 2023 as compared to 425,381 tonnes from 1 January 2023 to 31 March 2023, which represented a quarter-on-quarter increase of 15.9%. The increase was mainly due to higher volumes of manganese ore (“Mn ore”) sales during the period

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### **OPERATING PERFORMANCE (CONT'D)**

- **World crude steel production during April and May 2023 was 332.1 million tonnes, which represented a 3.5% decrease as compared to the same period in 2022**
- **Price of 44% Mn ore closed at US\$4.54/dmtu CIF China at the end of June 2023, a decrease of 14.3% from US\$5.30/dmtu CIF China at the end of March 2023**
- **Both FeSi and SiMn prices decreased during the current quarter. FeSi price closed at US\$1,400 per metric tonne CIF Japan at the end of June 2023 compared to US\$1,550 per metric tonne CIF Japan at the end of March 2023, while SiMn price closed at US\$935 per metric tonne CIF Japan for the quarter ended 30 June 2023 compared to US\$1,010 per metric tonne CIF Japan at the end of preceding quarter**

### **CORPORATE**

- **As at 17 July 2023, a total of 103,221,986 shares were listed on Bursa Malaysia and 635,401,351 shares were 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 6 units are allocated for the production of FeSi, 8 units for manganese alloys and 2 units for silicon metal. Upon completion of the conversion works and scheduled major maintenance the Plant will have a design annual 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. 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 2023, 14 out of 16 furnaces were in operation with 6 furnaces (consisting of 5 FeSi furnaces and 1 silicon metal furnace) producing FeSi and 8 furnaces producing manganese alloys. Of the remaining 2 furnaces, 1 FeSi furnace underwent scheduled major maintenance while the other silicon metal furnace was temporarily shut down for examination to rectify issues which arose during the hot commissioning phase.

|                      | <b>June<br/>2023<br/>Quarter</b> | <b>Mar<br/>2023<br/>Quarter</b> | <b>YTD<br/>2023</b> |
|----------------------|----------------------------------|---------------------------------|---------------------|
| Tonnes               |                                  |                                 |                     |
| <b>Production</b>    |                                  |                                 |                     |
| Ferrosilicon         | <b>29,891</b>                    | <b>29,707</b>                   | <b>59,598</b>       |
| Manganese Alloys     | <b>70,776</b>                    | <b>52,151</b>                   | <b>122,927</b>      |
| Manganese Sinter Ore | <b>42,230</b>                    | <b>30,112</b>                   | <b>72,342</b>       |
| <b>Sales</b>         |                                  |                                 |                     |
| Ferrosilicon         | <b>29,565</b>                    | <b>28,281</b>                   | <b>57,846</b>       |
| Manganese Alloys     | <b>64,573</b>                    | <b>45,026</b>                   | <b>109,599</b>      |

For the quarter ended 30 June 2023, one silicon metal furnace commenced production to produce FeSi in June 2023, increasing the total operational FeSi furnaces from 5 units in the previous quarter to 6 units. However, due to the timing of its commencement, there were no significant changes observed in the FeSi production volume during the current period.

Production volumes for manganese alloys increased significantly by 35.7% attributed mainly to the increase of furnace operation from 6 to 8 units following the completion of major maintenance works.

For the quarter ended 30 June 2023, sales volumes for FeSi and manganese alloys increased by 4.5% and 43.4% respectively as compared to the previous quarter ended 31 March 2023. The notable rise in sales volumes for manganese alloys corresponded to the increase in production of manganese alloys from the 2 additional furnaces.

In the quarter ended June 2023, 2 manganese alloys furnaces and 1 FeSi furnace underwent hot commissioning and performance testing following the completion of major maintenance works. The remaining 5 FeSi furnaces will also undergo major maintenance in stages to minimize disruptions to ongoing operations at the Plant. These planned shutdowns are not expected to significantly impact production guidance for FY 2023.

As announced in the previous quarterly update, the first silicon metal furnace was temporarily suspended due to operational issues that arose during the commissioning phase. The contractor is actively working to resolve these issues. The production of silicon metal is anticipated to resume in early 2024. Both silicon metal furnaces were designed to produce



either silicon metal or FeSi through raw materials and operational setting adjustments. With this flexibility, FeSi production has commenced for the second silicon metal furnace in June 2023 to increase productivity while awaiting resolution on the first silicon metal furnace.

Loan repayment of US\$9.3 million was made to project finance lenders during the quarter ended 30 June 2023.

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

Production at the 100% owned Bootu Creek Manganese mine (the “Mine”) ceased as planned in December 2021.

### **Processing**

The Mine remains under care and maintenance mode.

The review of the Ultra Fines Plant (“UFP”) rectification plan and the financial model is ongoing. The plant capacity could be further enhanced to 400 tonnes per hour with an additional capital injection of A\$1.5m to upgrade the classifier feed chambers and lamellas. Evaluations are continuing to determine the most appropriate and optimal production and timing outcomes.

### **Environmental Programs**

For the quarter ended 30 June 2023, the primary focus was the continued maintenance and repair of damage caused by the higher-than-expected rainfall experienced on the Mine site from December 2022 to March 2023. Due to the rain in March 2023, waste rock dumps were only accessible in May 2023 allowing repair works to commence. The focus in April 2023 was to cart material (Rock) for the repair work. A comprehensive landform damage report was submitted to the Department of Industry, Tourism and Trade as a result of this event.

All access roads have been repaired and reinstated allowing access to all areas across the Mine site. The Mine rehabilitation programs will continue to focus on the repair of damaged landforms (washouts and other water damage) as follows:

- Repairs to the Western Limb have been completed, rock lining major wash outs and repairing and ripping minor damage;
- Repairs to the Eastern Limb landforms have commenced and are expected to be completed by the end of Q3 2023;
- Washouts will be dug out and rock lined allowing water flow without causing further damage to landforms;
- Fire breaks have been cleared again after the March 2023 rain, to protect assets against potential fire damage;
- Rehabilitation of all exploration drill collars have been completed (few remain for water level and chemistry monitoring); and
- Weed spraying has continued as agreed with the Northern Territory Government Weed Management Branch during their site visit to the Mine in November 2022.

Rehabilitation of the Tourag Waste Rock Dump will continue in Q3 2023.

## **MARKETING AND TRADING UPDATE**

During the quarter ended 30 June 2023, a total of 493,060 tonnes of ores and alloys were transacted, which represented a 15.9% quarter-on-quarter increase compared to the previous quarter ended 31 March 2023. The increase was mainly due to higher volumes of Mn ore sales during the quarter ended 30 June 2023.

According to the International Manganese Institute (“IMnI”), world crude steel production during April and May 2023 was 332.1 million tonnes, which represented a decrease of 3.5% as compared to the same corresponding period in 2022.



Fastmarkets MB reported that the price of 44% Mn ore closed at US\$4.54/dmtu CIF China at the end of June 2023, a decrease of 14.3% from US\$5.30/dmtu CIF China at the end of March 2023.

During the quarter ended 30 June 2023, FeSi price decreased from US\$1,550 to US\$1,400 per tonne CIF Japan, and SiMn price decreased from US\$1,010 to US\$935 per tonne CIF Japan. The lower prices were caused by higher supply of materials into the steel market.

The weakening of manganese ore and ferroalloy prices during the quarter were mainly caused by weaker global economic activities and steel prices worldwide.

Freight rates continued to decline in the current quarter as compared to the preceding quarter, with Fastmarkets MB reporting an implied freight of US\$0.66/dmtu from South Africa to China for 37% manganese ore, as compared to US\$0.76/dmtu at the end of March 2023.

## **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 2023 totaled 812,166 tonnes, which represented a decrease of 11.3% from the previous quarter ended 31 March 2023.

#### **2. Update on Bryah Farm-In and Joint Venture Agreement (OMM has earned a 51% interest)**

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).

OMM has earned a 51% interest in the Bryah Basin Manganese Joint Venture (“BBMJV”).

OMM is currently sole funding A\$1.8 million on exploration to earn a 60% interest in the BBMJV.

Assay results received from the December 2022 RC drill program extended the Brumby Creek West deposit to the south and infill drilling occurred on the Redrum deposit. Modelling of the Redrum deposit is currently in progress and will be added to the updated BBMJV Indicated and Inferred Mineral Resource estimate expected to be released in Q3 2023.

A 160m sonic drill program of the Horseshoe South DMS Rejects and Fines stockpiles, and twin drill holes at Horseshoe South and Redrum, were completed in May 2023 for a total of 18 drill holes. Assay results from the sonic drill program are pending. HLS metallurgical test work for composites from that drilling is scheduled in Q3 2023.

RC exploration drilling is proposed for initial testing of several recently identified manganese targets in early Q3 2023.

#### **BBMJV - Mining Lease Applications**



Two applications have been submitted for two Mining Licences on E 52/3237. The Northern application M 52/1087 covers 5.46 square km and includes the Brumby Creek West, Brumby Creek East and Area 74 JORC Mineral Resources, and the Redrum project area. The Southern application M 52/1088 covers 2.41 square km encompassing the Black Hill JORC Mineral Resource and the Blank Hill Northeast prospect.

### **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 (the “701 Mile JV Agreement”) with Great Sandy Pty Ltd for the 701 Mile Manganese Project, located approximately 90km southeast of Newman on E52/3587.

The Stage 1 RC drill program is proposed to infill and extend the mineralised areas of interest as outlined by the June 2022 RC drill program. Program of Works (PoW-113958 and PoW-115469) were approved in December 2022 and February 2023 respectively. A combined Ethnographic and Archaeological Heritage survey covering the area of the proposed Stage 1 RC drill program was completed in March 2023. No significant sites were identified by the Heritage surveys. Drill site rehabilitation of all previous RC drilling was completed in June 2023.

### **4. Weelaranna Project Area (OMM 100%)**

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

A Programme of Works (PoW-113942) for a proposed initial RC drill program, on a Prospect referred to as Blue Hill, was approved in November 2022. A combined Ethnographic and Archaeological Heritage survey of the area covering the proposed initial RC drill program, and the associated 4 km access track, was completed in March 2023. No significant sites were identified by the Heritage surveys.

## **CAPITAL STRUCTURE**

There was no movement in the share capital structure of the Company during the quarter ended 30 June 2023. As at 30 June 2023, the Company had 738,623,337 ordinary shares on issue.

As at 17 July 2023, a total of 103,221,986 shares were listed on Bursa Malaysia and 635,401,351 shares were listed on the Australian Securities Exchange.

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.*