

# OM HOLDINGS LIMITED

(ARBN 081 028 337)



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No. of Pages Lodged: 4

21 April 2021

ASX Market Announcements  
ASX Limited  
4<sup>th</sup> Floor  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

## **EXPLORATION FARM-IN AND JOINT VENTURE AGREEMENT ON 701 MILE MANGANESE PROJECT**

OM (Manganese) Ltd (OMM), a 100% owned subsidiary of OM Holdings Ltd (ASX: OMH), has executed a Farm-In and Exploration Joint Venture Agreement with Great Sandy Pty Ltd for the 701 Mile Manganese Project, located approximately 90 km south east of Newman in Western Australia.

Under the exploration farm-in and joint venture arrangement, OMM has the right to expend up to \$2.5 million to earn up to an 80% interest in manganese and iron mineral rights over the 701 Mile Manganese Project. Great Sandy Pty Ltd retains the rights to all other commodities. The project is located on a granted tenement E52/3587 covering 100km<sup>2</sup>.

OMM may elect at anytime to cease providing funding at the end of the project evaluation period or during Stages 1, 2 or 3 outlined below and retain its joint venture interest earned up to the last completed stage.

The objective of the exploration farm-in period is to evaluate the 701 Mile Manganese Project's potential for a viable manganese mining operation. The exploration farm-in consists of OMM incurring \$250,000 (including a \$30,000 sign on fee) over a 12 month period. Should OMM elect to proceed beyond the initial evaluation period, a 3-stage exploration Farm-in and Exploration Joint Venture will follow. Alternatively OMM can elect to withdraw from the project.

### **HIGHLIGHTS:**

- The manganese deposit consists of flat laying manganese outcrop located on low hills covering an area of approximately 3km<sup>2</sup>, plus a similar area of adjacent manganese scree.
- Previous rock chip traverses of the manganese outcrop, reported by Shaw River Resources Limited in February 2009, which included 17m at 40.3% Mn and 17m at 37.8% Mn (refer Table 1).
- The manganese outcrop area has not been drill tested to date and there is no existing Mineral Resource for the 701 Mile Manganese Project.
- **Stage 1** – OMM may commit to incurring expenditure of \$1.25 million over 2 years, including a \$50,000 option fee, and undertake infill drilling for Mineral Resource delineation and metallurgical testwork.
- OMM will earn a 51% interest at the completion of Stage 1.
- OMM may increase its joint venture interest from 51% to 70% by the completion of a further \$500,000 of expenditure in **Stage 2**, and to further increase its joint venture interest to 80% by the completion of an additional \$500,000 expenditure in **Stage 3**.
- Great Sandy Pty Ltd will be free carried beyond **Stage 3** if further time is required to complete a Mining Feasibility Study.

Previous exploration by Shaw River Resources Limited (2008-2010) was limited to aircore drilling of shallow detrital manganese to the north of the manganese outcrop, and to rock chip sampling and rock chip traverses of the manganese outcrop areas (refer attached Table 1 for rock chip traverse assay results).

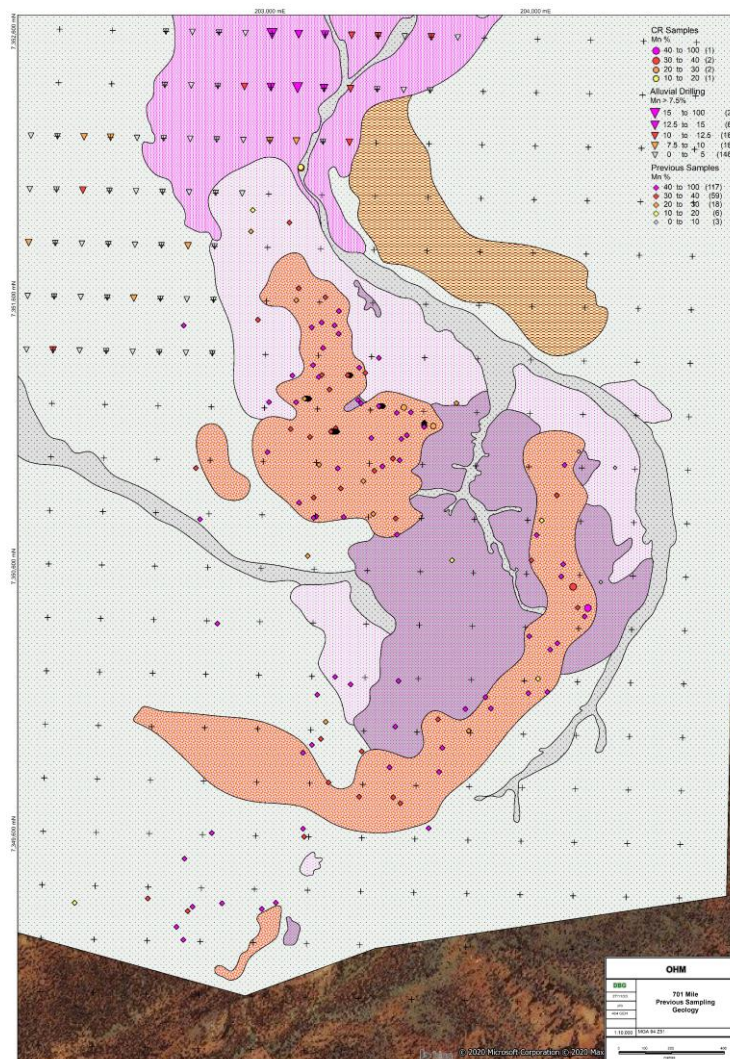
The project area is located 55km south of Newman by the sealed North West Highway and a further 35km east by existing unsealed station access roads. It is located on Weeleranna Pastoral Station. Distance to Port Hedland is approximately 500km by road.

The outcropping manganese is observed to be separated into alternating narrow bands of massive manganese and weathered shale/clay.

The evaluation phase will primarily consist of approximately 80 RC drillholes on a 200m x 200m grid over and adjacent to the manganese outcrops. It is intended to identify the presence of an economic grade and volume of manganese mineralisation.

The subsequent three Exploration Stages are intended to infill drill the significant areas of manganese mineralisation, prior to the subsequent delineation of a Mineral Resource and evaluation of the metallurgical characteristics of the mineralisation, followed by a more detailed project assessment.

There is no existing Mineral Resource on the 701 Mile Manganese Project.



**Figure 1.** Surface Geology Plan of Great Sandy Pty Ltd's 701 Mile Manganese Project area showing the location of previous aircore drill collars (2010) and outcrop rock chip grab sampling (2008) by Shaw River



Resources Limited. The Manganese-Shale outcrops are shown in orange and the adjacent manganese scree in purple.



**Figure 2.** Relatively flat weathered manganese/shale outcrop and manganese scree in foreground.

**Table 1. 701 Mile Manganese Project - Rock Chip Traverse reported by Shaw River Resources Limited in February 2009.**

| Traverse | Start Point           | Width | Mn%  | Fe%  |
|----------|-----------------------|-------|------|------|
| A        | 203167E -<br>7351238N | 9m    | 31.4 | 11.4 |
| B        | 203603E -7351158N     | 17m   | 37.8 | 8.4  |
| C        | 203447E -<br>7351216N | 17m   | 40.3 | 5.9  |
| D        | 203323E -<br>7351329N | 11m   | 37.0 | 9.1  |

Note: 2kg-3kg rock chip samples, intervals quoted at 25% Mn cutoff, analysis by X-Ray Fluorescence.



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

Yours faithfully

**OM HOLDINGS LIMITED**

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

*The information in this report which relates to Reporting of Exploration Results is based on information compiled and checked by Mr Craig Reddell, an employee of OM (Manganese) Limited. Mr Reddell is a Member of the Australasian Institute of Mining and Metallurgy and as sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Reddell consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.*

#### **Forward Looking Statements**

This ASX announcement may contain forward looking statements that are subject to risk factors associated with exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, Ore Reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of OM Holdings Ltd. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements or other forecast.