

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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Company Announcements Office
ASX Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

STRATEGIC INVESTMENT IN NORTHERN IRON LIMITED

The Board of OM Holdings Limited ("OMH") is pleased to announce that it has agreed to subscribe to a strategic investment in ASX listed iron ore producer Northern Iron Limited ("NFE").

Pursuant to a share subscription agreement, OMH has agreed to subscribe for 28.25 million ordinary shares at A\$1.45 per share, totaling A\$40.96 million, which will result in OMH becoming a 10% shareholder in NFE. OMH and NFE have agreed to a prescribed manner in which the subscription funds are to be applied in relation to capital rectification works and working capital requirements at NFE's Sydvaranger Iron Ore Project located in northern Norway.

OMH and NFE have also agreed to enter into good faith negotiations for a formal marketing agreement over NFE's uncommitted concentrate sales into Asia.

Upon completion of the placement, OMH has the right to nominate a director to the Board of NFE and accordingly it intends to nominate Mr Peter Toth to become a Non-Executive Director of NFE.

OMH will initially fund the NFE investment from its existing cash reserves however it is in the process of assessing a number of other financing options to more appropriately gear the investment and ensure that OMH's cash reserves continue to remain strong and available for the completion of previously announced project and investment opportunities, as well as for other investment and acquisition opportunities presently under investigation. OMH intends to maintain its strong balance sheet and its policy of declaring dividends based upon financial performance.

Rationale for the Strategic Investment in NFE

- NFE's Sydvaranger Iron Ore Project has the potential to become an independent long life world class emerging iron ore opportunity. OMH's commodity diversification strategy incorporating this investment is in line with its stated objective of building a significant carbon steel materials business. The investment is also viewed as strategically important and complementary to OMH's existing operations within the global steel materials market.
- OMH's operational, development and capital rectification experience will further assist NFE's objective to achieve name-plate production capability.
- OMH's marketing expertise into China will be suited to assist NFE to penetrate growing Asian markets and facilitate in extracting maximum value from NFE's production.
- Short and long term synergies have been identified between the two companies and OMH considers that this investment will provide an excellent platform on which these synergies can be executed.

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- NFE's Sydvaranger Iron Ore Project has a number of competitive advantages relative to many of its respective sized peers, predominantly driven by the size and quality of its resource, its established infrastructure base, long mine life, historically proven iron concentrate product, independent competitiveness in major steel markets and potential for future expansion opportunities.

In addition NFE has commenced an offer of approximately 9.86 million ordinary shares to sophisticated and professional investors to raise a minimum of approximately A\$13.32 million ("Institutional Placement"). The Institutional Placement will be conducted by way of an institutional book build with a minimum floor price of A\$1.35 per share. OMH has agreed to participate in the Institutional Placement to maintain its minimum 10% shareholding and has committed to subscribe for any shortfall under the Institutional Placement.

As NFE seeks to achieve production capability at its Sydvaranger Iron Ore Project, OMH views this investment as value-accretive for OMH Shareholders, offering a platform for short, medium and long term strategic co-operation between both companies.

Yours faithfully

OM HOLDINGS LIMITED

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Company Secretary

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BACKGROUND PROFILE OF OM HOLDINGS LIMITED

OMH listed on the ASX in March 1998 and has its foundations in metals trading – incorporating the sourcing and distribution of manganese ore products and subsequently in processing ores into ferro-manganese intermediate products. The OMH Group now operates commercial mining operations – leading to a fully integrated operation covering Australia, China and Singapore.

Through its wholly owned subsidiary, OM (Manganese) Ltd, OMH controls 100% of the Bootu Creek Manganese Mine ("Bootu Creek") located 110 km north of Tennant Creek in the Northern Territory.

Bootu Creek has the capacity to produce over 1,000,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 3,326km².

Bootu Creek's manganese product is exclusively marketed by the OMH Group's own trading division with a proportion of the product consumed by the OMH Group's wholly-owned Qinzhou smelter located in south west China.

Through its Singapore based commodity trading activities, OMH has established itself as a significant manganese supplier to the Chinese market. Product from Bootu Creek has strengthened OMH's position in this market.

OMH also holds a 12% shareholding in Shaw River Resources Limited, a company presently exploring for manganese in Western Australia as well as a 10% shareholding in Territory Resources Limited a company operating the Frances Creek iron ore mine in the Northern Territory.