OM HOLDINGS LIMITED

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Company Announcements Office
Australian Stock Exchange Limited
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Dear Sir/Madam

TERRITORY IRON LIMITED

As previously advised OM Holdings Limited ("OMH") owns 50% of Territory Iron Ltd ("Territory"), which in turn owns a number of exploration licences highly prospective for iron ore in the Northern Territory.

These include licences in the Frances Creek area, approximately 180 km south of Darwin; Rum Jungle located 100 km south of Darwin; the Warrego Mine site located 1,000 km south of Darwin and the Mt Bundey region located on the Arnhem Highway, approximately 100 km from the newly developed east arm port at Darwin.

The Board of Territory has resolved that, subject to market conditions and completion of the required prospectus due diligence process, it intends to seek admission to the Official List of the Australian Stock Exchange Limited ("ASX"). The proposed Initial Public Offering ("IPO") will seek to raise $10 million (before issue costs) by issuing 50 million ordinary shares at an issue price of 20 cents per share. The funds raised will be committed to furthering exploration on Territory's iron ore tenements.

Following the successful completion of the Territory's Initial Public Offering OMH will hold a 25% interest in Territory. OMH previously advised that it would consider distributing its shareholding in Territory to its shareholders by way of a capital return.

In light of the anticipated timing to obtain a tax ruling relevant to the capital return and a decision to continue to support Territory during its exploration phase, the Board of OMH has decided to retain its interest in Territory and not proceed with the capital return at the current time. It is anticipated that OMH's shareholding in Territory will be subject to escrow restrictions which will preclude a capital return in the immediate future.

The Board of OMH continues to support Territory in its strategy to develop its iron ore resource base generated from a portfolio of highly prospective exploration properties in the Northern Territory.

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary