OM HOLDINGS LIMITED

(ARBN 081 028 337)

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25 July 2006

Company Announcements Office
Australian Stock Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

QUARTERLY MARKET UPDATE

The Board of OM Holdings Limited ("OMH") is pleased to provide the following market update of the OMH Group activities for the quarter ended 30 June 2006.

HIGHLIGHTS

BOOTU CREEK MANGANESE MINE

- First shipment of 30,686 tonnes left Darwin for China on 12 June 2006.
- Superior smelting characteristics and highly favorable response reported by customers.
- Project ramp-up continuing.
- Plant construction issues identified with a rectification programme due for completion by the end of the third quarter.
- Positive outcomes of drilling at Chugga will result in an updated resource position due to be released by late July 2006.

TRADING OPERATIONS

- Trading division results continued positive contribution to OMH Group profits, supported by stronger pricing for chrome ores.

QINZHOU FERRO ALLOY PROCESSING FACILITY

- Environmental approvals received.
- Output constrained by furnace electrode design. Solution identified and implementation underway. Better production yield expected in the second half year.
- Product mix adjusted to match market demand and to take advantage of increased power availability in the second half.
- Joint venture negotiations with Shanghai Shenjia Ferroalloys Co Ltd continued.

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BOOTU CREEK MANGANESE MINE – Northern Territory, Australia

Physical product movements for the quarter and period to date are shown below:

		Quarter		Year To Date	
	Unit	Ore/ Product Tonnes	Mn Grade %	Ore/ Product Tonnes	Mn Grade %
Mining					
Material Mined	BCM	1,045,006		1,883,931	
Ore Mined	Tonnes	243,005	22.49	323,755	22.07
Closing ROM Stocks	Tonnes	231,287	20.25	231,287	20.25
Processing					
Manganese Product - Lump					
Production	Tonnes	33,712	45.25	33,712	45.25
Sales	Tonnes	24,597	44.33	24,597	44.33
Manganese Product - Fines					
Production	Tonnes	13,408	45.15	13,408	45.15
Sales	Tonnes	6,089	44.93	6,089	44.93

Operations

Progress on operations at the Bootu Creek Manganese Mine has been as follows:

- Mining: Ore production at budgeted levels with ore stocks at 30 June 2006 amounting to 231,287 tonnes at 20% Mn. This amounts to 2.7 months of process stocks.
- Processing: The process plant is achieving product quality and yields in line with expectation. Feasibility study throughput rates have been achieved, but have not been sustained for prolonged periods due to unplanned maintenance shutdowns and difficulties with the materials handling systems. Plant availability has been adversely impacted by design issues that will require rectification. A dedicated team is in place to complete this work by the end of August 2006.
- Logistics & Sales: First sales of manganese product occurred during the quarter. The vessel Samsun Earnest sailed on 12 June 2006 with 24,597 lump tonnes and 6,089 fine tonnes. In addition, 450 fine tonnes were ordered for sale at the mine gate to a domestic customer. The second shipment has been booked for late July 2006.

Shiploading at the Port of Darwin - skips of manganese product being lifted onto the vessel Samsun Earnest.

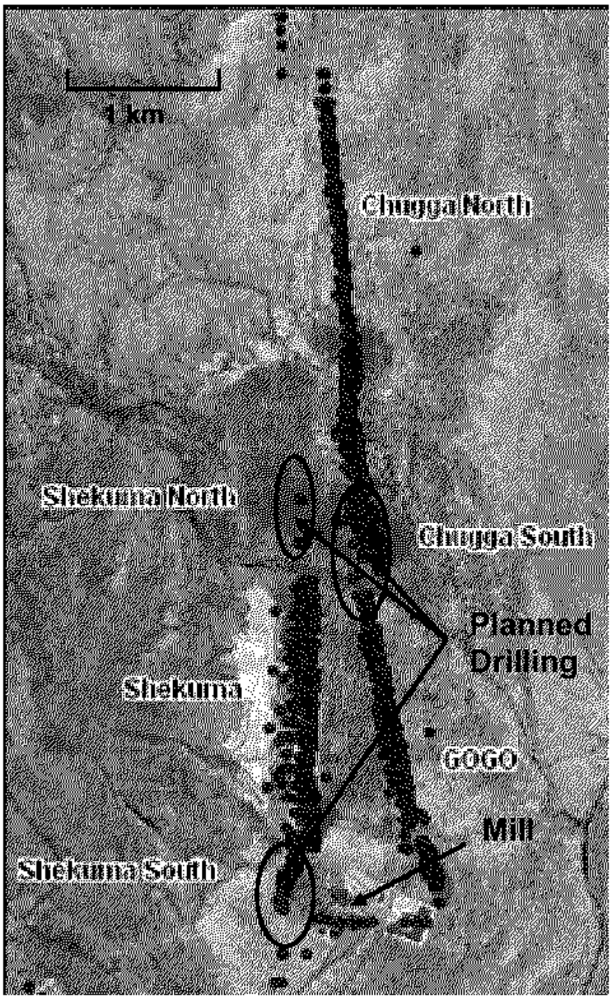
Geology & Exploration

A 10,996 metre drilling program at Shekuma North, Chugga and Tourag was completed during the quarter. An updated resource estimate for Chugga incorporating the results of this drilling is being prepared and is expected to be completed in late July 2006.

A 6,000 metre follow up exploration program is to commence at Chugga West, Go Go North, Tourag and Shekuma South in July 2006.

Helicopter geophysical surveys to guide target generation over the extensive area of prospective geology were planned to commence in June 2006. This work has been delayed due to damage sustained to the survey equipment on another job. This work is now scheduled for August 2006.

Bootu Creek – Planned Drill Location Plan



Arial view of the Bootu Creek Eastern Drill Program – Actual drill holes shown in red with September quarter drilling highlighted.

Project Finance & Hedging Facilities

During the quarter OMM renegotiated its financing with the Commonwealth Bank of Australia ("CBA") to accommodate the longer than expected production ramp up. The changes involve:

- Deferral of commencement of repayments of the Construction Facility until January 2007; and
- Increase in the Working Capital Facility from A$7 million to A$10.83 million.

At 30 June 2006, OMM's limited recourse project finance facilities with CBA were as follows:

- Construction Facility (A$13 million)
- Working Capital Facility (A$10.83 million)
- Performance Bond Facility (US$5.32 million) to guarantee installment payments to GEMCO.
- Foreign Exchange Hedging Facility:
  - purchase of an AUD call option for a cost of A$361,000 at a strike price of 0.7450; and
  - forward sale of US$10.0 million at rate of 0.7295.

A requirement of the project financing is that a minimum of 30% of the net USD receivables be hedged into AUD for at least 12 months forward. The Marked to Market position of these hedging facilities at 30 June 2006 was "in the money" at A$490,000.

QINZHOU FERRO ALLOY PROCESSING FACILITY, Qinzhou, China

Operations

The OM Materials (Qinzhou) Co Ltd ("OMQ") operations for the half year to 30 June 2006 produced 7,373 tonnes of SiMn (Silico-Manganese) and 9,188 tonnes of HcFeMn (High carbon ferro manganese).

Productivity from the operations was affected by:

- Restricted power supply resulted in availability of production from only one furnace;
- Higher than expected power consumption required to produce the SiMn; and
- Higher raw material prices.

Minor modifications to the electrode geometry to improve furnace productivity and efficiency are expected to be completed during the third quarter.

Notwithstanding the strong market for HcFeMn, OMQ was impacted by the weak demand for SiMn throughout the quarter. This has impacted the operations financial performance, which yielded an operating loss for the quarter. Accordingly, the short term focus has been directed towards the maximisation of HcFeMn production. As a result of focussing upon the production of HcFeMn it is expected that an improvement in the financial performance and contribution by OMQ will occur in the third quarter.

OMQ has now completed and passed its environmental requirements which could entitle it to future concessions with respect to future power supply depending upon the latest PRC policy.

Construction of the warehouse for finished products and materials has been completed.

Manganese Alloy Market Outlook

In second quarter China manganese alloy prices remained soft as a result of the short term oversupply of manganese ore and the ongoing de-stocking of manganese ore.

The alloy market in China is expected to improve as the price of raw materials has shown positive movements in the third quarter.

Joint Venture with Shanghai Shenjia Ferroalloys Co Ltd

Further to the Memorandum of Understanding signed with Shanghai Shenjia Ferroalloys Co Ltd ("Shanghai Shenjia"), the formal contract is targeted for finalisation by the third quarter of 2006.

The proposed joint venture will involve the merger of Shanghai Shenjia operations with the Qinzhou operations. The OMH Group will retain a 70% interest in the joint venture with Shanghai Shenjia holding the balance. In exchange for its 30% interest (which is subject to independent valuation), Shanghai Shenjia will provide one 24,000 KVA furnace, one 12,500 KVA furnace and marketing and technical services to the JV.

The output of the new merged operation is expected to increase to 140,000 tonnes of alloy from current designed capacity of 55,000 tonnes. Shanghai Shenjia is expected to provide proven technical support, improve OMQ's management efficiencies and enlarge OMQ's market share in China. Dependent upon the independent valuation of the proposed joint venture assets, OMH shall ensure that any minimum cash injection if needed will be within OMH's ability to finance.

TRADING OPERATIONS, Singapore and China

Manganese Ore

Prices have remained steady and sales indicated a marginal improvement over the previous quarter. De-stocking of manganese ore continued to have an impact upon pricing.

Chrome Ore

The market for chrome continued to show steady improvement throughout the second quarter, which was evidenced by stronger chrome and ferrochrome prices.

The trading division recorded a moderate profit for the first half.

The trading division anticipates the remainder of 2006 to remain stable.

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary

The information in this report which relates to Exploration Results is based on information compiled by Mr Craig Reddell, a full time employee of OM (Manganese) Ltd and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Craig Reddell has 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Craig Reddell consents to the inclusion of the report of the matters based on this information in the form and context in which it appears.

BACKGROUND PROFILE OF OM HOLDINGS LIMITED

OMH which was listed on the ASX in March 1998 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. In the immediate future, the OMH Group expects to commence commercial mining operations – leading to a fully integrated operation covering Australia, China and Singapore.

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

Bootu Creek is expected to produce at an annual rate of 550,000 tonnes of manganese ore. Bootu Creek has further exploration potential given that its tenement holdings extend over 1,750 km^2.

Bootu Creek's manganese product will be exclusively marketed by the OMH Group's own trading division with a proportion of the product expected to be 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 will strengthen OMH's position in this market.

OMH also holds an 18% shareholding in Territory Iron Ltd, a company presently pursuing the development of the Frances Creek iron ore project in the Northern Territory.

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