OM HOLDINGS LIMITED

(ARBN 081 028 337)

NO. OF PAGES LODGED: 2 – Covering pages
60 – Prospectus

30 March 2007

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

Dear Sir/Madam

ENTITLEMENTS ISSUE PROSPECTUS

OM Holdings Limited ("OMH") today lodged with the Australian Securities and Investments Commission a Prospectus for a fully underwritten pro-rata non-renounceable entitlements issue to shareholders of 1 new share for every 2 shares held at an issue price of 22 cents per share to raise approximately $16.3 million (before issue costs).

The proceeds raised via the entitlements issue will be used as follows to:

- fund capital improvements at the Bootu Creek Manganese Mine;
- meet the requirements of the Commonwealth Bank of Australia in relation to the Bootu Creek Manganese Mine's financing arrangements; and
- replenish working capital.

The Offer

Shareholders who are on the Company's share register as at the close of business on the Record Date, being **Wednesday 11 April 2007**, will receive the entitlement to acquire 1 new share for every 2 shares held, at an application price of 22 cents per share.

Fractional entitlements will be rounded up to the nearest whole number of new shares.

The total number of new shares to be allotted will be approximately 74.2 million.

The entitlements issue is underwritten by Euroz Securities Limited.

The closing date for acceptance and payment is 5.00 pm WST on **Tuesday 1 May 2007.**

#08 – 08, Parkway Parade
80 Marine Parade Road, 449269 Singapore
Tel: 65-6346 5515 Fax: 65-6342 2242
Email address: om@ommaterials.com
Website: www.omholdingsltd.com
ASX Code: OMH

Summary of Important Dates

Event	Date
Shares trade "ex-rights" on ASX	Tuesday 3 April 2007
Record Date to determine entitlements under the entitlements issue	Wednesday 11 April 2007
Prospectus and Entitlement and Acceptance Form despatched to eligible shareholders	Monday 16 April 2007
Closing Date for acceptances	**Tuesday 1 May 2007**
New Shares quoted on a deferred settlement basis	Wednesday 2 May 2007
Expected allotment of new shares and despatch of shareholder statements	Monday 7 May 2007
Trading of new shares expected to commence	Tuesday 8 May 2007

Prospectus

A copy of the Prospectus will be sent to all OMH shareholders with registered addresses as at the Record Date in Australia, New Zealand, the United Kingdom, Hong Kong, the People's Republic of China and Singapore. The offer is not being extended to shareholders with registered addresses as at the Record Date outside these jurisdictions.

Eligible shareholders who wish to accept the offer will need to submit the Entitlement and Acceptance Form accompanying the Prospectus.

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary

OM HOLDINGS LIMITED

ARBN 081 028 337

PROSPECTUS

For a non-renounceable offer of 1 New Share for every 2 Shares held by way of a pro-rata Entitlements Issue at an application price of 22 cents per New Share to raise approximately $16.3 million

EUROZ
SECURITIES LIMITED

UNDERWRITER TO THE ISSUE
EUROZ SECURITIES LIMITED
ACN 089 314 983
AFSL 243302

Investment in the New Shares offered by this Prospectus should be considered speculative.

IMPORTANT NOTICE

Prospectus

This Prospectus is dated 30 March 2007. A copy of this Prospectus has been lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus.

No Shares will be issued or allotted on the basis of this Prospectus later than 13 months after the date of this Prospectus.

OM Holdings Limited ("OMH" or "the Company") will apply to ASX within 7 days of the date of this Prospectus for quotation of the New Shares offered by this Prospectus. ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may quote the New Shares is not to be taken in any way as an indication of the merits of the Company.

In making representations in this Prospectus, regard has been made to the fact that the Company is a disclosing entity for the purposes of the *Corporations Act* and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. Further information is provided in Section 6.10 of this Prospectus.

Disclaimer

The information contained in this Prospectus is not investment advice. Before deciding to invest in the Company, you should read and understand the entire Prospectus and, in particular, in considering the Company's prospects, you should consider the risk factors that could affect the Company's performance. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks. See 'Risk Factors' in Section 5 of this Prospectus for a discussion of certain risk factors that you should consider before deciding to invest in the Company.

Any references to past performance of OMH is no guarantee of future performance.

No Representations other than this Prospectus

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus or has not been released to ASX with the authorisation of the Company.

The Entitlement and Acceptance Form accompanying this Prospectus is important. Please refer to the instructions in Section 4 of this Prospectus regarding the acceptance of your Entitlement. Applications can only be submitted on a valid Entitlement and Acceptance Form that is only available with this Prospectus.

No cooling off rights apply to this Offer

Cooling-off rights do not apply to an investment pursuant to this Offer. This means that, in most circumstances, you cannot withdraw your Entitlement and Acceptance Form once it has been lodged.

Offer Restrictions on Distribution

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to lodge this Prospectus in any jurisdiction outside of Australia or to otherwise permit a public offering of New Shares in any jurisdiction outside Australia. This Prospectus is not to be distributed in, and no offer of Shares is to be made in, countries other than Australia, New Zealand, the United Kingdom, Hong Kong, the People's Republic of China and Singapore. The Shares have not been or will not be registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their Application. Return of a duly completed Entitlement and Acceptance Form will be taken by OMH as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia, New Zealand, the United Kingdom, Hong Kong, the People's Republic of China and Singapore. Shareholders outside Australia, New Zealand, the United Kingdom, Hong Kong, the People's Republic of China or Singapore ("Non-Qualifying Foreign Shareholders") should refer to Section 1.9 of this Prospectus for details of how your Entitlement will be dealt with.

Prospectus availability

The ASIC has exempted compliance with certain provisions of the *Corporations Act* to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

This Prospectus is available in electronic form at **www.omholdingsltd.com** only for persons within Australia. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus. A printed copy of this Prospectus is available free of charge by calling the Company.

Definitions and glossary, financial amounts and time

Definitions of certain terms used in this Prospectus are contained in Section 7. Unless otherwise indicated all references to currency are to Australian dollars and all references to time (such as "WST") are to Perth, Western Australian time, unless otherwise indicated.

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HIGHLIGHTS

- Independent review of the long life Bootu Creek manganese mine is complete. Revised Life of Mine plan increased Ore Reserves to 7.2 million tonnes and Mineral Resources (including Ore Reserves) to 15.9 million tonnes grading at 25% manganese.
- Operational plan focuses upon resolution of plant design and material handling problems.
- Experienced mine operator Mr Paul Thomas appointed Managing Director of OM (Manganese) Ltd to oversee plant rectification and improve operating performance.
- Commonwealth Bank of Australia has agreed in principle (subject to execution of formal documentation) to a New Standstill Agreement in relation to the Bootu Creek Project loan facilities until 31 December 2007.
- Outlook for manganese price improving as stockpiles diminish in China.
- Commodity trading and ferro alloy divisions expected to make positive contributions to group cash flow.
- The Directors and their associates are entitled to take up 17,997,957 New Shares under the Issue comprising 24.3% of the New Shares to be issued. Directors have agreed to take up their full entitlements.

IMPORTANT DATES

Event	Date
Shares trade "ex-rights" on ASX	Tuesday 3 April 2007
Record Date to determine Entitlements under the Entitlements Issue	Wednesday 11 April 2007
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	Monday 16 April 2007
Closing Date for acceptances	**Tuesday 1 May 2007**
New Shares quoted on a deferred settlement basis	Wednesday 2 May 2007
Expected allotment of New Shares and despatch of shareholder statements	Monday 7 May 2007
Trading of New Shares expected to commence	Tuesday 8 May 2007

The above dates are indicative only and subject to change. The Directors reserve the right to vary these dates, including the Closing Date without prior notice. The Directors also reserve the right not to proceed with the whole or part of the Offer any time prior to allotment. In that event, the relevant Application Money will be returned without interest.

What you need to do to apply for New Shares

Read

Read this Prospectus in full paying careful attention to the benefits and risks associated with acceptance of this Offer.

Consider and Consult

After reading the Prospectus, consider whether the investment is suitable for you in light of your particular financial position and investment objectives. If necessary please consult with your financial or investment adviser before making an investment decision.

Complete Entitlement and Acceptance Form

If you have decided to take up your Entitlement in full or in part, complete the Entitlement and Acceptance Form accompanying this Prospectus and lodge the form together with your application money by **5pm (WST) Tuesday 1 May 2007.**

If you have any queries concerning your Entitlement or what to do with this Prospectus, please contact:

Computershare Investor Services Pty Limited
Level 2
Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000
Telephone: (618) 9323 2000
Facsimile: (618) 9323 2033

Or contact your stockbroker or professional adviser.

LETTER FROM THE CHAIRMAN

Dear Shareholder

OM Holdings Limited ("OMH") has a business strategy built around supplying the burgeoning Chinese market with manganese product and alloys from its own mining and smelting operations and with product and alloys purchased from other producers. OMH has its foundations in metals trading and through its wholly owned subsidiary OM Materials (S) Pte Ltd ("OMS"), continues today as a successful commodity trader supplying manganese product, chrome ore, iron ore and ferro alloys to the Chinese steelmaking industry.

In recent years, OMH has diversified into manganese ore mining and manganese ferro alloy production through its wholly owned subsidiaries OM (Manganese) Ltd ("OMM") and OM Materials (Qinzhou) Co Ltd ("OMQ") respectively.

The performance of OMM's Bootu Creek manganese mine in the Northern Territory of Australia ("Bootu Creek Project") has not met expectations since it was commissioned in April 2006. A recently completed review of the Bootu Creek Project concluded that rectification of deficiencies in the plant design are required to ensure the long term viability of this important asset. Key staff have been recruited to scope and implement this rectification work, which will require the application of additional capital to the project. Reducing the debt levels associated with the Bootu Creek Project will also enhance project operating performance and flexibility.

Accordingly, your Directors have elected to proceed with a 1 for 2 underwritten non-renounceable Entitlements Issue, at 22 cents per share, to raise approximately $16.3 million (before Issue costs) to both implement the required changes and reduce the bank debt applicable to the Bootu Creek Project.

Approximately $5.3 million of the funds raised will be invested in additional capital to be applied towards resolving the processing plant's wet ore handling issues which have hindered the plant's operating performance throughout the typical Northern Territory wet season.

The balance of funds received will be largely applied to reducing the Company's project debt to the Commonwealth Bank of Australia, thereby improving operating cash flows going forward, and to replenishment of working capital.

OMH has found the transition from successful commodity trader to mine operator and ferro alloy producer challenging. However, the Bootu Creek Project is a key component in achieving your Company's goal of becoming a fully-integrated manganese operation, from mine through to ferro alloy production.

Historically low manganese prices combined with a strong Australian dollar, plant design deficiencies and construction delays resulted in poor operating performance and led to the three month review.

The review process has significantly improved OMH's understanding of the ore body, developed a plan for the resolution of material handling issues that have restricted plant performance, delivered a Revised Life of Mine Plan based on increased Ore Reserves and Mineral Resources and secured the services of a key operating executive in Mr Paul Thomas, to oversee implementation of the requisite changes.

Your Company, together with its adviser Euroz Securities Limited, is also reviewing the OMH Board structure, particularly in relation to the appointment of new independent directors with strong operational experience.

The combination of the outcomes of these initiatives and an improving manganese market gives your Board increased confidence in the future.

I encourage you to continue to support your Company and its management by taking up your Entitlements under this Issue.

Yours faithfully

Yeo Wee Kiong
Chairman

1.0 DETAILS OF THE ISSUE

1.1 The Issue

OMH is making a non-renounceable pro-rata offer of New Shares to Eligible Shareholders on the basis of 1 New Share for every 2 Shares held, offering in total approximately 74.2 million New Shares at an Application Price of 22 cents per New Share to raise approximately $16.3 million (before Issue costs).

The Application Price represents:

- a 21% discount to the closing price on the last day of trading before the announcement of the Issue; and
- a 29% discount to the 14 day volume weighted average price prior to announcement of the Issue.

There is no minimum subscription. Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If OMH considers that holdings have been split to take advantage of rounding, OMH reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements.

No brokerage or stamp duty is payable by Eligible Shareholders on the issue of New Shares under this Prospectus.

1.2 Closing Date

The Closing Date for acceptance of your Entitlement is 5.00 pm WST on Tuesday 1 May 2007. OMH reserves the right to cancel the Entitlements Issue at any time prior to allotment.

OMH reserves the right, subject to the *Corporations Act* and the ASX Listing Rules, to close the Offer early, to extend the last date for receipt of Entitlement and Acceptance Forms, or to delay or withdraw the Offer at any time without prior notice, in which case all application monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.

1.3 Purpose of the Issue

OMH expects to raise approximately $16.3 million (before Issue costs) and will use the proceeds as set out in Sections 2 and 3.

1.4 Entitlement

Shareholders who are on the Company's Share Register at the close of business on the Record Date, being Wednesday 11 April 2007, will receive rights to acquire 1 New Share for every 2 Shares held, at an Application Price of 22 cents per New Share.

An Entitlement and Acceptance Form setting out your Entitlement to New Shares accompanies this Prospectus.

The Entitlements Issue is non-renounceable, therefore the Entitlements are not transferable and cannot be traded on the ASX.

Entitlements not accepted by the Closing Date will revert to the Underwriter.

1.5 Actions Required by Shareholders

A detailed explanation of the actions required by Shareholders is set out in Section 4.

If you wish to accept the Offer, your acceptance must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form, and may be for the full amount or part amount of the Offer.

You may participate in the Offer as follows:

- **If you wish to take up your Entitlement in full:**

  Complete the accompanying Entitlement and Acceptance Form by writing where indicated the number of New Shares you are entitled to, and the dollar amount as shown on the form, and attach your cheque or bank draft for that amount.

- **If you wish to take up part of your Entitlement:**

  Complete the accompanying Entitlement and Acceptance Form by writing where indicated the number of New Shares you wish to take up and the corresponding dollar amount (being the number of New Shares multiplied by 22 cents), and attach your cheque or bank draft for that amount.

- **If you do not wish to take up any or all of your Entitlement you are not obliged to do anything.**

If you wish to participate in the Entitlements Issue you must forward the completed Entitlement and Acceptance Form, together with your cheque drawn on an Australian bank or bank draft made payable in Australian currency to **"OM Holdings Limited – Share Account"** and crossed "Not Negotiable" in the enclosed envelope to Computershare Investors Services (the Company's Share Registry). Do not send cash.

1.6 Allotment and Application Money

All acceptance monies are payable in full on return of the Entitlement and Acceptance Form enclosed with this Prospectus.

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be allotted and shareholder statements despatched on Monday 7 May 2007 and normal trading of the New Shares on ASX is expected to commence on Tuesday 8 May 2007.

All Application Money received before New Shares are allotted will be held in a special purpose account. After any Application Money is refunded (if required) and New Shares are allotted to Applicants, the balance of funds in the account plus any accrued interest will be received by OMH.

If the New Shares are not quoted by ASX within three months after the date of this Prospectus, OMH will refund all Application Money in full (without interest).

1.7 Underwriting of the Entitlements Issue

The Entitlements Issue is underwritten by the Underwriter, Euroz Securities Limited. This means that the Underwriter will take up any New Shares not taken up by the Eligible Shareholders, up to a maximum of 74,166,358 New Shares. A summary of the Underwriting Agreement (including the circumstances in which the agreement may be terminated) is set out in Section 6.6.1.

The Company and OMM propose to enter into formal documentation with the Bank evidencing the terms of the New Standstill Agreement (discussed in Section 6.6.2 below). In the unlikely event that the documentation with the Bank is not executed by the Closing Date, the Underwriter may terminate its obligations under the Underwriting Agreement, and in that event the Company may, depending upon relevant circumstances and timing:

- Withdraw the Offer; or
- Lodge a supplementary prospectus in accordance with the *Corporations Act* advising Eligible Shareholders of the changed circumstances.

The total number of underwritten New Shares is 74,166,358, being the total number of New Shares that could be issued under the Offer based on the total number of Shares on issue as at the date of execution of the Underwriting Agreement (dated 2 March 2007 and as amended on 29 March 2007). Accordingly, the number of underwritten New Shares does not include any New Shares that may be available to Optionholders who have exercised, or will exercise, their Options between the date of the Underwriting Agreement and the Record Date.

As at the date of this Prospectus, 148,332,717 Shares are on issue. There are currently 9,068,500 unlisted Options on issue. Existing Optionholders will not be entitled to participate in the Entitlements Issue without first exercising their Options.

1.8 Shortfall

Eligible Shareholders are not entitled to apply for more than their Entitlement as shown on their personalised Entitlement and Acceptance Form. Any New Shares not taken up by Eligible Shareholders will be taken up by the Underwriter, up to a maximum of 74,166,358 New Shares.

1.9 Treatment of Overseas Shareholders

The Company is of the view that it is unreasonable to make the Offer in this Prospectus to shareholders whose registered address as at the Record Date is outside of Australia, New Zealand, the United Kingdom, Hong Kong, the People's Republic of China or Singapore having regard to:

- the number of shareholders outside these jurisdictions;
- the number and value of the securities that could be offered outside these jurisdictions; and
- the cost of complying with applicable regulations in jurisdictions outside these jurisdictions.

This Prospectus has not been and will not be registered under the securities laws of jurisdictions outside these jurisdictions. Accordingly, no Entitlement and Acceptance Forms will be sent, and no offer will be made, to Shareholders with registered addresses as at the Record Date outside these jurisdictions. This Prospectus will be sent to Shareholders outside the above jurisdictions for information purposes only.

Non-Australian Shareholders should note that the Offer is being conducted in accordance with the laws in force in Australia and the ASX Listing Rules. The disclosure requirements in relation to the Offer applicable in Australia differ from those applying in the United Kingdom, Hong Kong, the People's Republic of China and Singapore. The financial statements included in this Prospectus have been prepared in accordance with Singapore's Financial Reporting Standards which may differ from the standards for financial statements of companies incorporated in the United Kingdom, Australia, Hong Kong and the People's Republic of China.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

Recipients of this Prospectus may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia (other than to Eligible Shareholders).

1.10 Quotation and Issue of New Shares

No New Shares will be issued pursuant to this Prospectus until permission is granted by the ASX for quotation of the New Shares during the relevant time periods set out in the *Corporations Act*. OMH will apply to the ASX within seven days after the date of this Prospectus for the New Shares to be granted quotation.

The fact that the ASX may grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of OMH or the New Shares now offered for subscription.

1.11 Rights attaching to New Shares

The New Shares issued under this Prospectus will rank equally in all respects with existing Shares. Summaries of the important rights attaching to Shares as set out in the Company's Bye-laws are contained in Section 6.3 of this Prospectus.

1.12 Risk Factors

Applicants should appreciate that there are risks associated with any stock market investment, including an investment in OMH. There are general and specific risks which relate directly to OMH's business and are largely beyond the control of OMH and its Directors because of the nature of the business of OMH. These risks may affect the future operating and financial performance of OMH and the value of an investment in OMH. These risk factors are discussed in more detail in Section 5 of this Prospectus.

2.0 PURPOSE AND EFFECT OF THE ISSUE

2.1 Purpose of the Issue

The purpose of the Issue is to raise funds of approximately $16.3 million (before Issue costs) to:

- fund capital improvements at the Bootu Creek Manganese Mine ("Bootu Creek Project") (as described in Section 3.2.2);
- to meet the requirements of the Commonwealth Bank of Australia ("the Bank") (as described in Section 6.6.2); and
- replenish working capital.

The funds raised from the Issue will be applied as follows:

Funds Raised	$ million
• Capital improvements to the Bootu Creek Project	$5.3
• Payments to the Bank in relation to debt reduction, interest reserve account and fees	$6.1
• Costs of the Issue	$0.9
• Replenish working capital	$4.0
TOTAL	**$16.3**

2.2 Effect of the Issue

The principal effects of the Entitlements Issue will be to:

- increase the Company's cash reserves by approximately $10.21 million, after debt repayment of $5.5 million, transfer of funds to a reserve account of $0.5 million and payment of an extension fee of $0.1 million (before taking into account the costs of the Issue);
- provide the Company with additional capital for the purposes referred to in Section 2.1 and Section 3; and
- increase the total number of issued Shares (refer to Section 2.3).

Proforma consolidated historical financial information summarising the effects of the Issue is provided in the following paragraphs.

2.3 Effect of the Issue on Capital Structure

The ultimate effect of the Issue on the Company's capital structure is dependent on whether Optionholders elect to exercise Options prior to the Record Date. Set out below, for illustrative purposes only, is the existing capital structure (as at the date of this Prospectus) together with the impact of the Issue of New Shares.

Ordinary Shares	Number
Number of Shares on issue at the date of this Prospectus	148,332,717
New Shares offered pursuant to this Prospectus	74,166,358
Total Issued Capital post Issue	**222,499,075**

In addition the Company has on issue the following unlisted Options to purchase Shares as at the date of this Prospectus:

Number	Exercise Price $	Expiry Date
2,428,500	1.05	30 November 2008
1,000,000	0.72	30 June 2009
1,320,000	0.60	31 December 2009
1,320,000	0.72	30 June 2010
3,000,000	0.20	2 March 2012
9,068,500		

If some or all of the above Options are exercised prior to the Record Date, the Shares issued on such exercise will be eligible to participate in the Entitlements Issue. Accordingly, the total issued capital of OMH following the Entitlements Issue may be more than the number shown above but will be no more than 236,101,825 Shares.

Subject to shareholder approval to be sought at the Company's Annual General Meeting to be held in May 2007, the Company has also agreed to issue 500,000 unlisted Options exercisable at 28 cents each on or before 12 March 2012 (not vesting until 12 March 2008) and 500,000 unlisted Options exercisable at 28 cents each on or before 12 March 2012 (not vesting until 12 March 2009) to Mr Paul Thomas, who is the recently appointed Managing Director of OM (Manganese) Ltd. At that meeting it is expected that approval will also be sought for the issue of Options to certain of the Company Directors and members of the management team.

2.4 Effect of the Issue on the Company's Financial Position

Set out below for illustrative purposes is the historical audited Condensed Consolidated Balance Sheet as at 31 December 2005, the audited Condensed Consolidated Balance Sheet as at 31 December 2006 and a Proforma Condensed Consolidated Balance Sheet as at 31 December 2006 including the effect of the Issue and the recent part settlement of the sale of marketing rights by OMS.

The 2005 financial information below is prepared in accordance with accounting principles generally accepted in Hong Kong and the 2006 financial information is prepared in accordance with Singapore Financial Reporting Standards.

	31 DECEMBER 2005 (AUDITED) A$'000	31 DECEMBER 2006 (AUDITED) A$'000	31 DECEMBER 2006 (PROFORMA) A$'000	Notes
CURRENT ASSETS				
Cash and bank balances	14,188	4,437	18,722	(a),(b),(d),(e),(f)
Cash and cash collateral	9,115	7,178	7,678	(e)
Inventories	17,855	34,919	34,919	
Trade and bills receivables	18,142	12,423	12,423	
Prepayments, deposits and other receivables	2,839	3,512	3,512	
TOTAL CURRENT ASSETS	62,139	62,469	77,254	
NON-CURRENT ASSETS				
Prepaid lease payments on land use rights	1,324	1,248	1,248	
Property, plant and equipment	48,151	59,905	59,905	
Deferred exploration and evaluation expenditure	8,743	-	-	
Mine development costs	15,876	13,344	13,344	
Goodwill	2,190	2,190	2,190	
Interest in an associate	2,396	-	-	
Available for sale investment	-	9,250	9,250	
TOTAL NON-CURRENT ASSETS	78,680	85,937	85,937	
TOTAL ASSETS	140,819	148,406	163,191	
CURRENT LIABILITIES				
Trade and bills payable	17,594	24,473	24,473	
Other payables and accruals	20,185	23,234	23,234	
Tax payable	1,045	285	285	
Borrowings	3,131	10,063	4,563	(d)
TOTAL CURRENT LIABILITIES	41,955	58,055	52,555	
NON-CURRENT LIABILITIES				
Borrowings	4,568	18,591	18,591	
Provisions	257	278	278	
Other long- term liabilities	3,645	-	-	
TOTAL NON-CURRENT LIABILITIES	8,470	18,869	18,869	
TOTAL LIABILITIES	50,425	76,924	71,424	
NET ASSETS	**90,394**	**71,482**	**91,767**	
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	13,043	14,833	30,218	(b),(c)
Reserves	75,142	54,780	59,680	(a),(b),(f)
Proposed Final Dividend	134	-	-	
	88,526	69,613	89,924	
Minority interests	1,868	1,869	1,869	
TOTAL EQUITY	**90,394**	**71,482**	**91,767**	

Notes to the Proforma Condensed Consolidated Balance Sheet

(a) receipt on 28 February 2007 by OM Materials (S) Pte Ltd ("OMS") of $5 million from the sale of the marketing rights to Territory Iron Limited's ("TFE") iron ore product as outlined in Section 3.8;
(b) increase cash reserves by approximately $15.4 million immediately (after estimated costs of the Issue of $0.9 million);
(c) increase the number of Shares on issue from 148,332,717 to 222,499,075 Shares;
(d) repay the Bank a principal amount of $5.5 million as outlined in Section 6.6.2;
(e) transfer $0.5 million into an interest reserve account to be held with the Bank for the purpose of paying future interest and fee obligations as outlined in Section 6.6.2; and
(f) payment of $0.1 million extension fee to the Bank as outlined in Section 6.6.2.

The Directors are not aware of any material item, transaction or event outside of the ordinary business of the Company that would require comment on, or adjustment to the audited financial statements as at 31 December 2006 lodged with ASX on 27 March 2007, or that would cause the information in these financial statements to be misleading or deceptive.

2.5 Market Price of Shares

The highest and lowest market prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: 38 cents on 13 February 2007

Lowest: 19 cents on 10 January 2007

The volume weighted average sale price on ASX of the Company's Shares during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC was 27 cents.

The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was 29.5 cents on 29 March 2007.

3.0 COMPANY OVERVIEW AND PROJECTS

3.1 Background Profile of OM Holdings Limited

OMH was listed on ASX in March 1998 and has its foundations in metals trading, including the sourcing and distribution of manganese product and subsequently in processing manganese product into ferro manganese intermediate products.

Through its wholly-owned subsidiary, OM (Manganese) Ltd ("OMM") it owns and operates the Bootu Creek Project located 110 km north of Tennant Creek in the Northern Territory of Australia.

The Bootu Creek Project processing plant was designed to produce at an annual rate of 550,000 tonnes of manganese product. The Bootu Creek Project has further exploration potential given that its tenement holdings extend over 1,420 km^2 (as outlined in Section 3.3 below).

The Bootu Creek Project's manganese product is exclusively marketed by OMH's Singapore-based trading division OM Materials (S) Pte Ltd ("OMS"), with a proportion of the product consumed by OMH's wholly-owned subsidiary, OM Materials (Qinzhou) Co Ltd's ("OMQ") smelter located in the port city of Qinzhou in Guangxi Province, southern China.

Through its Singapore based commodity trading activities, OMS has established itself as a significant manganese supplier to the Chinese market. Product from the Bootu Creek Project is expected to further strengthen its position in this market.

OMH also holds 25 million ordinary shares in Territory Iron Limited ("TFE"), a company presently pursuing the development of the Frances Creek iron ore project in the Northern Territory.

3.2 Bootu Creek Project

3.2.1 Operational Overview

Mining operations commenced at Bootu Creek in November 2005 and the first ore was processed in April 2006. Since then, shipments of approximately 257,000 tonnes of manganese product have been delivered to customers in China, Australia and to the OMQ smelter in Qinzhou.

OMM engaged a process plant engineering company to design a process plant to meet OMM's production requirements, which was to be constructed and commissioned by November 2005.

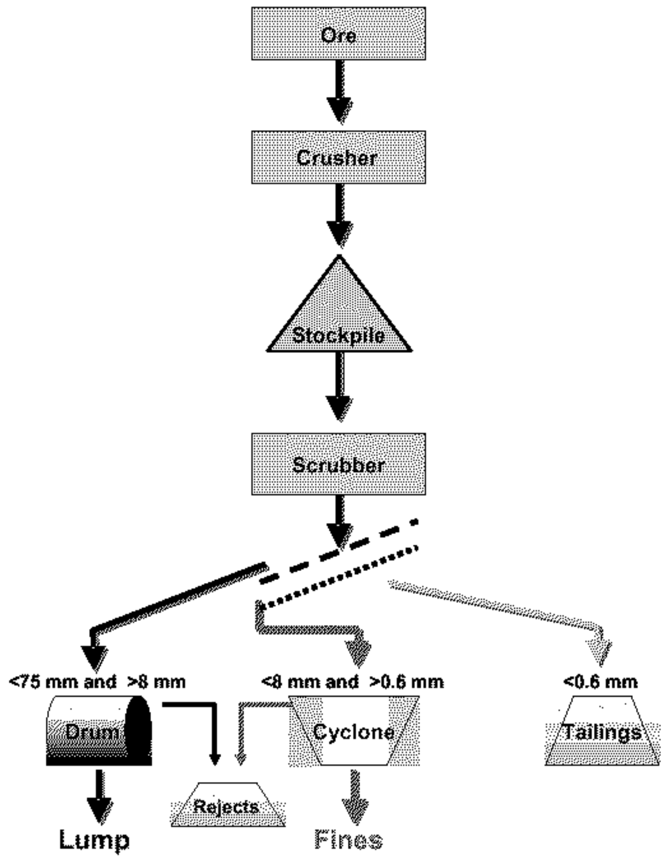
As a result of delays by OMM's processing engineers in finalising issued for construction drawings, ore was initially fed into the processing plant through a temporary crushing facility from April 2006. Ore was subsequently fed through the permanent crushing facility in late May 2006. Upon commissioning, numerous plant design deficiencies became apparent, particularly in relation to materials handling. As a consequence, project output has not met expectations.

To rectify these design defects a dedicated process plant rectification team was mobilised to site in July 2006. Productivity improvements were achieved following completion of the initial process plant rectification works. This included tailings pump upgrades and installation of a temporary crushed ore bypass feeder system.

Design production rates were achieved in the month of December 2006 after feeding ore through the crushed ore stockpile reclaim feeders using excavators. Production in January, February and March of 2007 was impacted by several severe local rainfall events. The heavy rainfall, particularly in January 2007, bogged crushers and blocked chutes, bins and feeders, lowering throughput and production.

In February 2007, a conveyor was commissioned to remove fine ore, which testwork had shown results in blockages to the reclaim feeders beneath the crushed ore stockpile. These removed fines were then fed to the plant via the bypass reclaim system and the remaining crushed ore fed to the reclaim feeders.

3.2.2 Process Flow Sheet



3.2.3 Plant Defects and Proposed Solutions

Engineering and bulk material handling reviews have established that the design of the crushed ore stockpile reclaim system does not allow material to flow from the crushed ore stockpile into the reclaim feeders and through to the scrubber and into the drum and cyclone plants.

Other design defects relate to the scrubber, run of mine ore bin, lump storage bin and excessive spillage from the apron feeder, primary grizzly and the conveyors.

A plant rectification team headed by OMM's Managing Director Mr Paul Thomas is evaluating options to alleviate these material handling shortcomings in the crushed ore stockpile reclaim system and the other unrectified plant design defects. It is planned to complete the rectification program prior to the commencement of the next Northern Territory wet season, which typically occurs between November and March.

OMM has allocated in its budget an amount of $5.3 million to complete the rectification program. There are currently three options being considered to alleviate the stockpile reclaim issue that involve relocation of the scrubber to precede the reclaim stockpile or the removal or modification of the current stockpile feeder system. Preliminary estimates anticipate that the most costly option of relocating the scrubber can be completed within the allocated budget. Any surplus funds remaining after implementing the required changes will be applied to further streamlining the production process.

Investors are referred to the discussion of the Production and Processing Risks in Section 5 of this Prospectus.

3.2.4 Revised Life of Mine Plan

Following independent Mineral Resource reviews and pit optimisation studies (as outlined in Section 3.3 below) a revised life of mine plan supporting a mine life of a further nine and a half years was developed ("the Revised Life of Mine Plan").

Mineral Resources were scheduled into the Revised Life of Mine Plan based on the following general mine plan philosophy:

- Access the highest quality ore with the lowest achievable strip ratio.
- Mine shallow pits that are economic at the low end of the product price band, implement cut backs and expand deposits as economics permit.
- Maintain mining rates to enable steady feed to the processing plant as well as increasing ROM ("Run of Mine") stockpiles to mitigate the effects of the Northern Territory wet season and to allow ore feed blending options.
- Replace depleted Mineral Resources and convert existing Mineral Resources to Ore Reserves throughout the scheduled mine plan.

Based on processing assumptions, approximately 1.25 million tonnes of ore will be fed into the plant to yield approximately 550,000 tonnes of lump and fine manganese product at a product specification of 43% manganese.

Operating costs including mining, processing, logistics, royalty, site administration and head office overheads have been projected based on the existing and estimated future cost expectations.

Sustaining capital expenditure has been included to replace and enhance existing plant as required and to develop scheduled Mineral Resources.

The capital requirement for the materials handling solution has been included in the cash flows for calendar year 2007.

Bank principal and interest repayments as outlined in Section 6.6.2 have been scheduled in calendar year 2007 with the remainder of the loan amortised over the subsequent two years.

Rehabilitation commitments have been factored to commence progressively throughout the life of the mine.

Manganese product prices have been estimated to increase over the life of the mine with an assumed average price of US$2.50 /dmtu (FOB), being the assumed price used by OMM in the Mineral Resource optimisation modelling. Foreign exchange rates have been assumed to fluctuate across the life of mine based on a consensus of bank estimates.

The final balance of the consideration payment of US$2.66 million due to be paid to Groote Eylandt Mining Company Pty Limited ("GEMCO") on 31 December 2007 has been included into the Revised Life of Mine Plan cash flows.

3.3 Bootu Creek Project – Geology, Mineral Resource, Ore Reserve and Exploration

The exploration program is designed to replace Ore Reserves as they are mined, to identify additional manganese deposits to add to the existing Mineral Resource inventory and to maintain the 1,420 km^2 of regional exploration tenements in good standing.

3.3.1 Geology

The Bootu Creek Project area forms part of the Ashburton Province which consists of Proterozoic platform cover of fluvial to shallow marine sandstone with minor volcanic rocks, siltstone and carbonate rocks of the Tomkinson Subgroup, overlying the Flynn Subgroup (Ferenczi 2002).

The area contains a number of manganese deposits including the abandoned Muckaty mine, worked from shallow open pits between 1955 and 1963.

The favourable horizon for manganese deposits occurs on the contact between the underlying dolomite-siltstone of the Attack Creek Formation and the overlying ridge forming sandstone of the Bootu Formation. The contact is folded around the gentle north-northwest plunging Bootu Syncline and can be traced discontinuously for up to 24 km.

The west limb manganese deposits (Muckaty and Tourag) dip around 30^0 to the north east while the remainder of the deposits occur on the more structurally complex east limb and dip between 15^{0}and 45^0 to the west.

The manganese is thought to be hydro-thermally concentrated in shallow marine sediments. The high grade more massive footwall ore zone (>28% Mn) typically varies from 2 metres to 6 metres in width and is usually overlain by similar widths of low to medium grade (14-28% Mn) mineralisation in manganese bearing sandstone.

The individual mineralised horizons are generally strata-bound in character and can persist over strike lengths of up to 3 km.

The principal ore minerals are:

- Cryptomelane - $K(Mn.Mn)_8O_{16}$ equivalent to 60% Mn and 5% K
- Psilomelane - $(Ba)(Na)(K)(Mn.Mn)_8O_{16(}(OH)_4$ being around 50% Mn and 15% Ba
- Pyrolusite - MnO_2 and varying amounts of quartz, goethite and clay gangue.

3.3.2 Mineral Resource Summary

All Bootu Creek Project manganese Mineral Resource estimates were revised following the completion of a 21,797 metre reverse circulation ("RC") and 424 metre diamond drill program conducted during 2006 and following the first year of mining activity at the Shekuma pit.

The purpose of the 348 hole RC drill program was to infill, extend and increase the level of confidence in the manganese deposits defined within the Bootu Creek Project located on Mineral Lease 24031. The 16 diamond holes were designed to extend the previous 23 hole diamond program drilled in 2003 to evaluate the metallurgical characteristics of the Shekuma and Gogo manganese deposits.

Table 1: Bootu Creek Project – Mineral Resource Summary as at 31 December 2006

	Measured		Indicated		Inferred		Combined		Depth
	M tonnes	%Mn	M tonnes	%Mn	M tonnes	%Mn	M tonnes	%Mn	metres
Shekuma	1.5	28.0	1.9	25.2	0.5	24.2	3.9	26.2	90
Zulu			0.8	24.1	0.1	22.6	0.9	24.0	45
GoGo	1.4	29.3	1.2	28.5	0.5	29.3	3.1	29.0	75
Xhosa	0.1	25.3	0.1	26.2	0.1	26.1	0.3	26.0	45
Chugga	1.4	23.6	1.9	23.1	1.0	23.9	4.4	23.5	80
Chugga West					0.8	24.3	0.8	24.3	65
Tourag			2.1	22.9	0.2	26.0	2.4	23.2	70
Subtotal In-situ	4.4	26.9	8.1	24.5	3.2	25.1	15.7	25.3	
+ ROM Stocks	0.2	20.2					0.2	20.2	
Total Resource	4.6	26.6	8.1	24.5	3.2	25.1	15.9	25.2	

M - million

The above tabulation, together with the 0.6 million tonnes at 24% Mn processed to December 2006, represents an increase of 5.5 million tonnes over the previous Mineral Resource of 11 million tonnes at 26% Mn reported in May 2004.

Both the current and previous Mineral Resources were estimated using a cut-off grade of 18% Mn. The current Mineral Resource estimates were constrained by the optimised pit depth for each deposit, based on a product price of US$2.50/ dmtu (FOB) and are generally shallower than the unconstrained Mineral Resource estimates reported previously.

The Zulu and Xhosa deposits were previously included with the Shekuma and Gogo deposits respectively. The Chugga West deposit is a new Mineral Resource block recently drilled to the west of south Chugga and may represent a northern continuation of the Gogo deposit. Mineral Resource blocks at Zulu, Chugga West and Tourag require further drilling to test open strike extensions and to increase Mineral Resource confidence levels.

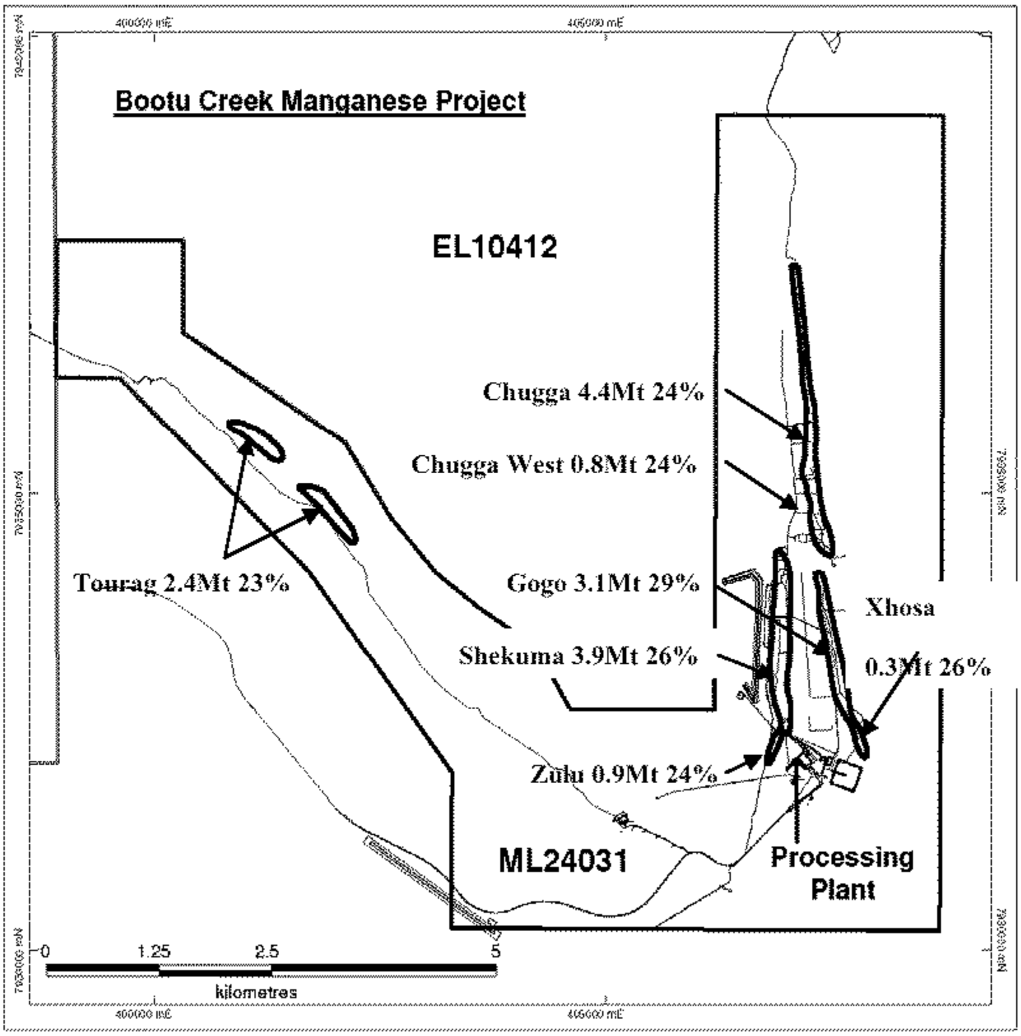
3.3.3 Methodology

Independent resource consultants Hellman & Schofield Pty Ltd were engaged to review and update Mineral Resource estimates to December 2006 for all identified Bootu Creek Project manganese deposits. A review of recent geological interpretation provided by OMM mine based geology staff, was followed by detailed geostatistical evaluation of each deposit and construction of a 3D block model. Most deposit models were subdivided into a high grade footwall domain and a low-medium grade hanging wall domain.

Grade estimation using 3D Ordinary Kriging was carried out following evaluation and selection of appropriate search parameters for each domain and of minimum search criteria for Mineral Resource classification. Searches were aligned parallel and orthogonal to the strike and dip of the mineralisation.

The cut-off grade for Mineral Resource estimation was generally set at 18% Mn. Grades were modelled for Mn, Fe, SiO_2, Al_2O_3 and BaO. Bulk density values were derived from a regression analysis of available density data, supplied by OMM.

Figure 1: Location of Bootu Creek Project Manganese Mineral Resources



3.3.4 Ore Reserve Summary

The Bootu Creek Project Pit Optimisation study was undertaken by independent consultants RSG Global Consulting Pty Ltd ("RSG Global"), based on Mineral Resource models supplied by Hellman and Schofield Pty Ltd and on input parameters supplied by OMM. The Whittle 4X model development was carried out using Vulcan mine planning software.

The pit optimisation input parameters were supplied by OMM and included slope parameters, mining physicals, processing physicals, mining costs, processing costs, plus the cost of overheads, transport, royalty and head office charges. The process physicals were set at 43% Mn product grade at a yield of 40% for a recovery of 70%.

The Shekuma model was depleted for mining to December 2006.

OMM based the Ore Reserve estimation on the pit optimisation work that was undertaken by RSG Global, predicated on a product price of US$2.50/ dmtu (FOB), a USD/AUD exchange rate of 0.77, metallurgical confidence and Measured and Indicated Mineral Resources categories.

Table 2: Bootu Creek Project – Mineral Resource and Ore Reserve Summary as at 31 December 2006

Optimised Resource	Measured		Indicated		Measured + Indicated		
US$2.50 Mn case	M tonnes	%Mn	M tonnes	%Mn	M tonnes	%Mn	>mRL
Shekuma	1.3	28.5	1.2	26.5	2.5	27.6	185
GoGo	1.3	29.3	0.9	28.8	2.2	29.1	202
Xhosa	0.1	25.1	0.1	26.2	0.2	25.9	235
Chugga	1.2	24.1	1.1	24.8	2.3	24.4	195
Combined	3.9	27.4	3.3	26.5	7.2	27.0	

Ore Reserve	Proved		Probable		Proved + Probable		
December 2006	M tonnes	%Mn*	M tonnes	%Mn*	M tonnes	%Mn*	>mRL
Shekuma	1.3	26.4	1.2	24.5	2.5	25.5	185
GoGo	1.3	27.1	0.9	26.6	2.2	26.9	202
Xhosa			0.2	23.9	0.2	23.9	235
Chugga			2.3	22.6	2.3	22.6	195
Combined	2.6	26.7	4.6	23.9	7.2	25.0	

* diluted grade = 0.925

Tonnages in the above table are rounded to nearest 100,000 tonnes and percent Mn grade is rounded to one decimal place.

The above table lists the optimised Measured and Indicated Mineral Resources upon which the Ore Reserve was modelled, and is restricted to the optimised portions of the Shekuma, Gogo, Xhosa and Chugga deposits.

The optimised Mineral Resource block grades were factored by 92.5% (previously by 95%) to account for dilution in mining of the relatively flat ore bodies. Ore body dips average around 30^{o} and range between 15^{o} and 45^{o}. The more conservative grade factoring reflects experience from the first year of mining at the Shekuma deposit.

Proven Ore Reserve is limited to the Measured Mineral Resource contained within the optimised US$2.50 /dmtu FOB case pit shells for the Shekuma and Gogo deposits only. The Mineral Resource blocks have high levels of both geological confidence and metallurgical testing.

Probable Ore Reserve is limited to the Indicated Mineral Resource contained within the optimised "base case" pit shells for Shekuma and Gogo, and for the Measured and Indicated Mineral Resource within the optimised US$2.50/dmtu (FOB) case pit shells for Xhosa and Chugga. Both Xhosa and Chugga are interpreted as off set extensions to Gogo, with similar metallurgical characteristics, but require independent densimetric test work for the Measured Mineral Resource to be converted to a Proven Ore Reserve.

3.3.5 Exclusions

The Tourag Mineral Resource was excluded from Ore Reserve classification due to its distant location (6 km northwest of the processing plant) and lack of independent metallurgical test work.

The Zulu Mineral Resource was excluded from Ore Reserve classification owing to its lower than average grade, relatively high iron content and lack of independent metallurgical test work.

The Chugga West was excluded from Ore Reserve classification due to the wide spaced 80 metre drill sections rendering its Mineral Resource classification as Inferred only.

ROM ore inventories of 195,000 tonnes at 20.2% Mn as at the end of December 2006 include a large component of marginal value stocks (180,000 tonnes at 19.7 % Mn) and were also excluded from the Ore Reserve.

3.3.6 Exploration Potential and Strategy

The 2007 exploration program consists of 6,000 metres of RC drilling and 1,000 metres of diamond drilling to continue the process of Mineral Resource to Ore Reserve conversion and 3,000 metres of RC drilling to test the highest priority anomalies outlined by the recent electro-magnetic ("EM") survey.

A 1,525 line kilometre helicopter borne EM survey was completed over the core Bootu Creek Project tenements in the second half of 2006. The survey was designed to test the geophysical response of the currently defined manganese deposits and to test for extensions and repetitions of that mineralisation beneath the shallow cover sequences on surrounding tenure. Results returned from the survey are very encouraging with the geophysical response replicating both the EM and magnetic signature of the currently defined manganese deposits.

The combined Bootu Creek Project manganese Mineral Resource of 15.9 million tonnes at 25.2% Mn is drill tested over a total strike length of 9 km. Current drilling is limited to areas immediately adjacent to outcropping mineralisation and extends only a short distance beyond the currently defined Mineral Resources.

The encouraging geophysical responses outlined by the EM survey highlight an additional 15 strike km of prospective host contact beyond that already drill tested.

3.4 Bootu Creek Project – Financial Performance

OMM recorded an operating loss after tax of $33.0 million for the year ended 31 December 2006. This performance reflected a number of adverse design and operating issues and the slower than expected commissioning of the plant. OMM's mine development and commissioning costs continued to be capitalised during the first eight months of 2006 while the Bootu Creek Project ramp up and plant commissioning were undertaken. All mine operating expenditure including exploration, depreciation and amortisation were fully expensed with effect from 1 September 2006.

The operating result from OMM included provisions and write downs of inventories ($5.0 million), committed contract obligations ($1.9 million), other adjustments ($0.9 million), impairment adjustments for exploration expenditure ($3.2 million) and mine properties expenditure ($12.9 million).

A summary of OMM's financing facilities with the Bank is contained in Section 6.6.2, and the risks associated with those facilities are contained in Section 5.

OMH and OMM

OMH has formally agreed with OMM to provide such additional funds as may be required for OMM to operate the Bootu Creek Project in accordance with the Revised Life of Mine Plan cash flow budget and subject to the achievement of budgeted production. Accordingly, should OMM require funds to meet its debts as and when they fall due, then provided those debts have been incurred in accordance with the Revised Life of Mine Plan cash flow budget and in accordance with established management authority, OMH will provide the necessary funding to OMM. If OMM fails to achieve (to a material extent) its budgeted production, then OMH reserves the right to review its continued support.

The Revised Life of Mine Plan cash flow budget was adopted by the Board of OMH on 21 March 2007.

3.5 Bootu Creek Project – Promet Litigation

OMM has commenced proceedings in the Western Australian Supreme Court against Londsdale Investments Pty Ltd (previously trading as Promet Engineers Pty Ltd) ("Promet"), and its two directors, for alleged breaches of the Trade Practices Act 1974 (Cth) and the Fair Trading Act 1987 (WA).

OMM is seeking damages against Promet and the two directors arising from OMM's reliance on alleged misleading or deceptive representations made by Promet prior to the entry into of the design contract with OMM for the Bootu Creek Project processing plant. OMM has also made claims against Promet for breaches of the design contract and negligence in performing the design services.

OMM's damages claim against Promet and the two directors is for monies paid to Promet under the contract; the cost of rectification of Promet's defective work; additional costs to complete and commission the plant; additional charges payable by OMM as a result of the plant not producing at the required production volumes; and the loss of the benefit of revenue resulting from the inability to make sales of manganese product at the designed production volumes.

OMM has refused to pay a portion of the invoices claimed in respect to the design services performed, and separate Supreme Court proceedings have been commenced against OMM seeking recovery of these monies. The quantum of OMM's claim will be finalised once OMM has completed the rectification of Promet's defective design work but is expected to substantially exceed the amount claimed against OMM.

Both proceedings are being case managed in accordance with the Supreme Court procedures. It is not expected that these matters will be resolved prior to the second half of 2007.

3.6 Metals Trading Operations, Singapore based

OMH is a contract manufacturer of ferro alloys for its clients via its wholly owned Singapore-based subsidiary, OMS. The process (which is sub-contracted to OMH's own ferro alloy processing facility in Qinzhou and to a number of China based ferro alloy processing facilities) involves buying the raw materials, defining the technical specifications and production schedules, quality control and delivering the finished products to buyers which include some of the world's largest steel manufacturers. The contract manufacture and supply of ferro alloys is undertaken internationally with the principal OMS clients being multi-national steel companies which use ferro alloys in the manufacture of crude and specialist steels.

OMS is also involved in the import and sale of minerals, particularly manganese and chrome, to the ferro alloy industry in China. OMS acts on behalf of several major multi-national mining companies.

China imported approximately 6 million tonnes of manganese product in 2006. China is expected to import approximately 6.5 to 7 million tonnes of manganese product in 2007. OMS expects to handle approximately 10% of this product.

OMS sells manganese product to numerous smelter factories in China. Aside from OMM's manganese product, OMS also purchases manganese product from a mine in India and a mine in Indonesia. JFE Steel Corporation in Japan is OMS's most important customer for alloys.

OMS has established long-term client relationships with several major ore producers and smelters. As a result, most metals trading transactions are conducted with these producers and smelters with few intermediaries involved. Most of the manganese product and alloy transactions are underpinned by long term contracts with both producers and smelters.

Transaction risks are minimised as the businesses are conducted mainly through letters of credit from reputable banks as well as satisfactory transaction terms which apply to OMS and its clients.

In July 2006, OMS was ranked number one in "Singapore's Fastest Growing Company" award. Only companies who have made it into the Singapore 1,000 and the Singapore SME (Small Medium Enterprises) 500 can qualify for this award. Contenders must also meet criteria such as being profitable and having turnover growth of at least 10% every year for the past 3 years. The top 50 companies are then ranked based on their compound annual growth rate. The award reflects the ongoing trading strengths and expertise of OMS.

Throughout 2006 OMS was impacted by the worldwide downturn within the manganese market driven primarily by an over supply of manganese product. At the start of 2005 the price for 45% manganese content product was approximately US$4.50/dmtu (CIF) and has subsequently reduced to US$2.50/dmtu (CIF) in 2006, a decrease of over 40%.

The manganese market was weak in the first half of 2006 whilst the international accumulation of excessive manganese inventories were cleared. The market has recently shown signs of recovery effective from the third quarter of 2006. This has been driven by the shortage of manganese in the market and China's increased steel output. In the first quarter of 2007, the trading division secured a manganese product price of close to US$3.00/ dmtu (CIF), a significant improvement over the price achieved in the last quarter of 2006.

The market for manganese is expected to remain stronger in 2007 based upon the continued growth in demand for steel.

The market has demonstrated strong demand for chrome ore and alloys in China during 2006. This was evident by the improvement in chrome prices throughout 2006.

One of the largest stainless steel producers in China has recently increased its production capacity and it is expected that the demand for ferro chrome products will continue to increase. This has forced a sharp increase in the demand for chrome ore in China and strong price appreciation from January 2007.

3.7 OM Materials (Qinzhou) Co Ltd ("OMQ") – Ferro alloy processing operations, China based

OMH's wholly owned subsidiary OMQ owns a ferro alloy processing facility located in Qinzhou, in the Guangxi Province of south west China.

OMQ's processing facility encompasses two sets of 16.5 MVA furnaces and one 3.5 MVA furnace, with annual production capacity of approximately 42,000 tonnes of alloys. The processing plant incorporates casting facilities, facilities for automated blending and feeding of ore, coke breeze and limestone, dust collection devices to meet environmental requirements, electrodes, transformers, refractory lined furnace vessels and stockpile hardstand areas for product and feed materials.

Steel plants use both silico-manganese ("SiMn") and ferro manganese ("FeMn") alloys in the steel making process.

OMQ recorded an operating loss after tax of $1.6 million for the year ended 31 December 2006. The ferro alloy processing operation was impacted significantly in the first half of 2006 by the lower prices received for SiMn production.

Focus in the second half of 2006 was on maximising high carbon ferro manganese ("HcFeMn") production to take advantage of the improved market conditions for this alloy. As a result, OMQ's financial performance improved significantly in the second half of 2006.

The total ferro alloy production in 2006 was 39,360 tonnes, which represented an increase of approximately 35% compared to the previous year. The 2006 ferro alloy output achieved 98% of the annual budgeted output of 40,000 tonnes. This was due mainly to furnace limitations whilst production of SiMn occurred.

Modifications to the furnaces in the second half subsequently improved operating conditions which enabled an increase in the production of HcFeMn to be achieved.

OMQ's main objectives for 2007 will focus on a minimum annual production output of approximately 42,000 tonnes.

The production plan will be directed to increasing activity during the Chinese wet season (typically May to October), when power costs from local hydro generation are normally lower. Management will continue to work on better cost control and efficiency to achieve lower production costs.

3.8 Territory Iron Limited, Northern Territory

OMH holds 25 million ordinary shares in Territory Iron Limited ("TFE"), an ASX listed company developing the Frances Creek iron ore project in the Northern Territory of Australia.

Mining at the Frances Creek project is expected to commence in the June 2007 quarter with shipping of iron ore expected to commence in the September 2007 quarter.

OMH announced on 28 February 2007 that its wholly owned subsidiary OMS had executed an agreement to transfer its sales agency/marketing rights to TFE's iron ore product to Noble Resources Limited ("Noble") for total consideration of $7.8 million. The transfer involves the assignment of the existing sales agency agreement between OMS and TFE to Noble. The consideration comprised $5 million which has been received by OMS and a further $2.8 million to be received on 30 September 2007.

4.0 ACTION REQUIRED BY SHAREHOLDERS

4.1 What Eligible Shareholders may do

The number of New Shares to which Eligible Shareholders are entitled ("your Entitlement") is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted.

As an Eligible Shareholders you may:

- take up all of your Entitlement (refer to Section 4.2 below);
- take up part of your Entitlement and allow the balance to lapse (refer to Section 4.3 below);
- allow all or part of your Entitlement to lapse (refer to Section 4.4 below).

Non-Qualifying Foreign Shareholders may not take any of the steps set out in Sections 4.2 to 4.4.

4.2 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, you must complete the accompanying Entitlement and Acceptance Form for New Shares in accordance with the instructions set out in that form.

You must then forward your completed Entitlement and Acceptance Form together with your Application Money to reach the Company's Share Registry by **no later than 5.00 pm WST on Tuesday 1 May 2007.**

4.3 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, you must complete the accompanying Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the steps required in accordance with Section 4.2. The balance of your Entitlement will lapse if you take no further action.

4.4 Allow all or part of your Entitlement to lapse

If you wish to allow all or part of your Entitlement to lapse, you are not obliged to do anything in relation to that part of your Entitlement. Entitlements of Eligible Shareholders are non-renounceable, which prevents Eligible Shareholders who do not wish to accept some or all of their Entitlement from transferring, selling or trading their rights on ASX.

4.5 Payment

The Application Price for New Shares is payable in full on application by a payment of 22 cents per New Share. The accompanying Entitlement and Acceptance Form must be accompanied by a cheque or bank draft for the Application Monies. Cheques or bank drafts must be drawn in Australian currency on an Australian bank and made payable to "**OM Holdings Limited - Share Account**" and crossed "Not Negotiable". Applicants must not forward cash. Receipts for payment will not be issued.

You should ensure that sufficient funds are held in relevant account(s) to cover the cheque(s). If the amount of your cheque(s) for Application Money is not sufficient to pay for the number of New Shares you have applied for, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for or your Application may be rejected.

4.6 Enquiries

If you have any questions about your Entitlement please contact the Company's Share Registry, Computershare Registry Services Pty Limited, the address and contact details for which are given in the Corporate Directory section located at the end of this Prospectus. Alternatively, contact your stockbroker or other professional adviser.

4.7 Brokerage

No brokerage or stamp duty is payable by Shareholders who accept their Entitlement to New Shares.

5.0 RISKS

The New Shares offered under this Prospectus are considered speculative because of the inherent risks associated with the minerals exploration, appraisal, development, production and transport activities of the Company. In addition, there are risks inherent in investing in the share market in general.

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with investing in the New Shares. In Section 1 below, the specific risk factors associated with the Bootu Creek Project are addressed. These risk factors have been focused on because the funds raised by this Prospectus will largely be applied in relation to the Bootu Creek Project. In Section 2 below, the specific risks associated with the Company's ferro alloy production business are addressed. In Section 3 below, the general risks facing the Company are addressed. The risks identified by the Directors are not exhaustive and potential investors should read this Prospectus in full and seek professional advice if they require further information on material risks in deciding whether to subscribe for New Shares.

The list of risk factors below ought not to be taken as exhaustive of the risks faced by the Company or any of its subsidiaries or by investors in the Company. These factors, and others not specifically referred to below, may in the future materially affect the financial performance of the Company and its subsidiaries and the value of the New Shares. Therefore, the New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to take up part or all of their entitlement and apply for new Shares.

RISK	DESCRIPTION	RISK IMPACT
SECTION 1: SPECIFIC RISKS: OMM		
PRODUCTION RISKS	The business of manganese exploration, mining and production involves a number of risks. There can be no assurance that OMM's existing and planned production, exploration and appraisal and development projects will be successful.	
Mining Operation	The mining of manganese involves risk and can be affected by physical and external factors beyond the control of OMM. Physical factors include such matters as pit wall failures, unexpected technical problems, key equipment and machinery breakdown and failure to perform to expectation, variations in geological conditions and variations in the amount of rock and soil overlaying the manganese ore, among others. External factors include force majeure events, weather conditions and the availability of personnel, and may result in unscheduled production down time and cost overruns. There are also delay, performance and other risks associated with OMM's reliance on third parties to provide goods and services in the planning and conduct of OMM's operations.	Cost and time overruns, and failure to meet project development and production expectations can have an adverse impact on the profitability and cash flows of OMM.
Ore Reserve and Mineral Resource Estimate	There are numerous uncertainties inherent in estimating quantities of Ore Reserves and Mineral Resources, many of which are beyond the control of the Company and OMM. In general, estimates of economically recoverable Ore Reserves are based upon a number of variable factors and assumptions, such as historical production, comparisons with production from other producing areas, the assumed effects of regulation by governmental agencies,	Estimates of the economically recoverable manganese Ore Reserves and Mineral Resources and classification of such Ore Reserves and Mineral Resources may vary substantially. Actual production derived from mining may vary from such

RISK	DESCRIPTION	RISK IMPACT
	assumptions regarding future mineral prices and future operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, speculative, and classifications of Ore Reserves and Mineral Resources are only attempts to define the degree of speculation involved.	estimates particularly as new information on the ore body gained through mining operations and additional drilling and review of technical data becomes available over the life of the mine. Such variances could be material.
Production and Processing	Production of manganese product at the Bootu Creek Project involves the mined ore being hauled by dump truck from open pits to the processing plant for stockpiling. The ore is then blended, crushed, washed and screened to optimise the feed into the processing plant. Approximately 75% of the manganese product produced is in lumps and 25% in fines. Design problems with the Bootu Creek Project processing plant have been identified and have resulted in the Promet litigation discussed at Section 3.5 above. OMM has sought independent engineering and materials handling advice in relation to rectifying the problems at the Bootu Creek Project processing plant. A definitive solution to the processing problems experienced at the Bootu Creek Project has not been identified. A number of possible solutions are under consideration. These are aimed at increasing the amount of manganese product produced at the Bootu Creek Project at an economically viable unit cost of production. There can be no guarantee that the rectification work can be completed before the start of the Northern Territory wet season, which generally begins in November. The evaluation of the various rectification options is at a preliminary stage only and the process will necessarily require detailed engineering design, procurement of capital items, and the sourcing of key personnel and contractors. The time required to complete this process is uncertain. Whilst every endeavour will be made to complete this process prior to the wet season, there can be no guarantee that this can occur. OMM has undertaken with the Bank to meet the timetable described in Section 6.6.2 below, with respect to the rectification program. Whilst OMM is reasonably confident that this timetable will be achieved, should one or more of the dates specified in that timetable not be met, OMM will be in breach of its undertaking to the Bank. The lack of a definitive solution means that the current estimated cost is preliminary although it is based upon the best information available to	There is a risk that the solutions that OMM and its consultants decide to implement to solve the problems identified at the Bootu Creek Project processing plant will not resolve all of the problems or achieve the increased levels of production that are anticipated. Until these solutions are successfully implemented, there is the risk that the Bootu Creek Project processing plant will require shutdowns for repair or rectification works, and that production will not reach expected levels and could fall below current levels. If the rectification works are delayed or the cost of these works is higher than expected or contractors or suppliers fail to meet their obligations or do not perform adequately, further delays and/or further costs in respect of the rectification works will be experienced and this in turn will affect OMM's financial performance. Cost and time overruns, and failure to meet project production expectations can have an adverse impact on the profitability and cash flows of OMM. If OMM does not meet the rectification program timetable agreed with the Bank, the Bank may demand repayment of the facilities. In the event that OMM does not repay the Bank, then the Bank may

RISK	DESCRIPTION	RISK IMPACT
	OMM management at the date of this Prospectus. The actual cost of the rectification program may be more or less than the estimate.	exercise its rights as mortgagee in respect of the assets of the Bootu Creek Project, the shares in OMM and the shares in TFE. Additional funds may be required to rectify the problems at the Bootu Creek Project processing plant.
Personnel and other Human Resources	The responsibility of overseeing the day to day management and strategic management of OMM (including the evaluation and implementation of the rectification program) is concentrated amongst a small number of key people, including Directors and senior management. There can be no assurance that there will not be a detrimental impact on OMM's operations and performance if a number of these key people cease their engagement with OMM. The ability of OMM to achieve its objectives depends on the retention of skilled employees and contractors to work at the Bootu Creek Project. The mining industry in Australia is experiencing strong growth, which has substantially increased the demand for labour, with the result that it is generally difficult to recruit and retain skilled employees. These conditions also affect the availability of skilled technical consultants and contractors. There is a risk that OMM may not be able to secure the necessary technical experts and contractors to work at the Bootu Creek Project in respect to its existing operations as well as the proposed rectification programme.	The unavailability or loss of the services of necessary key personnel including employees and contractors, could have a material adverse effect upon OMM, as OMM may not be able to source expertise within a reasonable time frame or at all. This may affect OMM's ability to achieve its objectives either fully or within the timeframes and the budget OMM has allowed for. While the ability of OMM to achieve its objectives may be affected by the matters mentioned above, the Directors believe that the appointment of Paul Thomas as OMM's Managing Director and the continued involvement of Frank Fergusson in OMM's operations and rectification programme, both of whom are appropriately skilled and experienced professionals, will reduce these risks and will assist with the recruitment of further skilled employees at Bootu Creek.
Product Transport	The manganese product produced at the Bootu Creek Project is trucked approximately 60 km by road to the Muckaty Rail Siding where it is blended and loaded onto trains for an approximate 800 km haul to the Port of Darwin for shipping. In Darwin the manganese product is stockpiled and loaded onto vessels destined for OMH's Qinzhou smelter or other Chinese smelters. There are risks associated with each stage of this process including the condition and maintenance of roads, rail lines, trucks, trains	The inability to obtain transport services as and when required, or problems with contractors, the condition of access and transport routes and services, or increased fuel prices, could have an adverse impact on the profitability and cash flows of OMM as OMM relies on

RISK	DESCRIPTION	RISK IMPACT
	and Port of Darwin facilities; maintenance and design of stockpiles at the Muckaty Rail Siding and Port of Darwin; and the availability and terms of contracts with transportation providers. The Bootu Creek Project is in a remote location which makes it susceptible to rises in the price of fuel and limits its options as to transport service providers.	being able to transport its product on a regular basis throughout the year.
Logistics	The Bootu Creek Project is in a remote location which makes it susceptible to the availability of personnel, specialist services, parts, equipment and supplies on a timely basis.	The inability to obtain transport services as and when required, or problems with contractors, the condition of access and transport routes and services could have an adverse impact on the operation and profitability of the Bootu Creek operation.
EXPLORATION	To maintain manganese production, further Ore Reserves capable of economic exploitation must be identified. Any exploration programme entails risks related to the location of ore bodies that are economically viable to mine, the development of appropriate metallurgical processes, and the receipt of necessary government permits, licences and consents including in relation to native title and cultural heritage matters. No assurance can be given that any exploration program will result in the discovery of new Ore Reserves or that new commercial mining operations can be developed.	OMM may not identify further viable Ore Reserves which may impact on production and profitability. Delays in the receipt of necessary government approvals may affect OMM's ability to achieve its objectives, either fully or within the timeframes and budget allowed.
STATUTORY CONSTRAINTS		
Mining Constraints	National and local mining laws and regulations affect the Bootu Creek Project operation. These laws and regulations set various standards regulating certain aspects of mining operations, provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate current or former facilities where operations are or were conducted. OMM is required to operate in accordance with a Mining Management Plan which must be approved by the Northern Territory government on an annual basis. Obtaining approval of the Mining Management Plan and other necessary approvals may sometimes prove impossible, or be more difficult or take longer than expected, and as a result may cause activities to cease or cause delays or increase the cost of proposed activities.	Non-compliance by OMM with any statutory requirements in relation to the mining operation at the Bootu Creek Project could result in the mine being shut down or the non-renewal of necessary permits or approvals which could adversely impact upon OMM's production and profitability. OMM minimises these risks by taking steps to ensure compliance with mining laws and regulations and by, where possible, carrying appropriate insurance. Although OMM holds or

RISK	DESCRIPTION	RISK IMPACT
	Mining laws and regulations may become more onerous over time and require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. This could disrupt the Company's operation or make them more expensive.	has applied for all mining approvals necessary for the operation of the Bootu Creek Project, there is a risk that approvals that have been applied for may not be granted and that approvals already received may be withdrawn or amended, each of which may adversely affect the operation of the Bootu Creek Project.
Environmental Constraints	National and local environmental laws and regulations in each of the countries in which the Company operates affect the Company's operations, including the Bootu Creek Project. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate current or former facilities where operations are or were conducted. OMM is required to operate in accordance with an Environmental Management Plan approved by the Northern Territory government on an annual basis. Obtaining the approval of the Environmental Management Plan and other necessary approvals may sometimes prove more difficult or take longer than expected, and as a result may cause delay or an increase to costs of proposed activities. Environmental regulations may become more onerous over time and require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. This could disrupt the Company's operations or make them more expensive.	Significant liability could be imposed on the Company for damages, clean-up costs or penalties in the event of environmental damage or non-compliance with environmental laws or regulations. OMM minimises these risks in respect of the Bootu Creek Project by taking steps to ensure compliance with environmental laws and regulations and by, where possible, carrying appropriate insurance. Although OMM holds or has applied for all environmental approvals necessary to the running of the Bootu Creek Project, there is a risk that approvals that have been applied for may not be granted and that approvals already received may be withdrawn or amended, each of which may adversely affect the operation of the Bootu Creek Project.
Occupational Health and Safety	National and local occupational health and safety laws and regulations must be complied with in relation to the Bootu Creek Project. These laws and regulations set various standards regulating certain aspects of occupational health and safety, and provide for penalties and other liabilities for the violation of such standards.	Significant liability could be imposed on OMM and/or the Company for damages or penalties in the event of non-compliance with occupational health and safety laws or regulations. OMM minimises these risks by taking steps to

RISK	DESCRIPTION	RISK IMPACT
		ensure compliance with occupational health and safety laws and regulations and by, where possible, carrying appropriate insurance. Although OMM holds or has applied for all occupational health and safety approvals necessary to the running of the Bootu Creek Project, there is a risk that approvals that have been applied for may not be granted and that approvals already received may be withdrawn, each of which may adversely affect the operation of the Bootu Creek Project.
ADVERSE WEATHER CONDITIONS	The Bootu Creek Project is located in the Northern Territory of Australia, which has a monsoonal tropical climate characterised by a "wet" season and a "dry" season. The "wet" season in the Northern Territory typically runs from November to March each year and involves regular heavy rainfalls and cyclones which may also bring significant rainfall in a short period of time. There is the risk that heavy rainfall may adversely affect production at the Bootu Creek Project. Production at the Bootu Creek Project has in the past and may in the future be reduced or prevented by heavy rainfall because of the restriction of access to ore (due to flooding within the pit locations) and materials handling issues in the processing plant when processing wet ore, including bogged crushers, and blocked chutes, bins and feeders. There is the risk that heavy rainfall could cause other problems including pit wall instability and failure, and reduced ability to dewater operating pits. Heavy rainfall has in the past and could in the future result in access roads and the rail track used to transport the manganese product being damaged or flooded, and damage to the stockpile pads at the Muckaty Rail Siding and the Port of Darwin. OMM's proposed rectification programme includes initiatives that are aimed at addressing some of the problems that have been experienced as a result of the Northern Territory wet season and where possible OMM proposes to implement solutions to the majority of these	Heavy rainfall or other adverse weather events could adversely affect the ability of OMM to meet production targets and fulfil its obligations under agreements with contractors, its marketing agent OMS and logistics providers, and ultimately affect the profitability of OMM.

RISK	DESCRIPTION	RISK IMPACT
	problems (where a solution can be implemented) before the next wet season. There is a risk that the rectification problem will not be successful in rectifying all of the wet weather related problems at the Bootu Creek Project.	
FORCE MAJEURE	"Force majeure" events are circumstances which are beyond the reasonable control of a party, and include human acts, such as war, terrorism, strikes, and machinery breakdowns, as well as natural occurrences, such as storms, floods, cyclones and earthquakes. In contracts that relate to the mining industry, it is usual for the parties to be able to avoid liability for failing to perform under the contract if such failure was as a result of a "force majeure" event.	OMM is susceptible to the effects of force majeure events either as a party which may need to seek the benefit of force majeure provision or as a party which has to allow for the effect of force majeure events on companies or persons with whom it has contractual relations. OMM may benefit by being able to avoid liability where it is affected by a force majeure event. Conversely a party that OMM is reliant upon to perform its contract may also be able to escape liability for its non-performance because of a force majeure event, which may have a significant effect on OMM's production and profitability.
FINANCING RISK		
Current Financing Arrangements and New Standstill Agreement	As detailed in Section 6.6.2, OMM has finance facilities with the Bank which (subject to the execution of formal documentation with the Bank) will extend to 31 December 2007 ("the New Standstill Agreement"). These financing arrangements involve continuous representations and warranties on the part of OMM and ongoing obligations with respect to, among other things, the rectification of the Bootu Creek Project processing plant, the productivity of the Bootu Creek Project, and the provision of information and reports to the Bank. The Bank currently has a fixed and floating charge over OMM's assets, a mining mortgage of OMM's interest in the Bootu Creek Project mining tenements, a share mortgage over the Company's shares in OMM and will be taking a share mortgage over the Company's holding of 25 million ordinary shares in TFE.	If OMM does not meet its obligations to the Bank under the Project Loan Facilities, (including the timetable for the rectification works described in Section 6.6.2 below), the Bank may demand repayment of the facilities. In the event that OMM does not repay the Bank, the Bank may exercise its rights as mortgagee in respect of the assets of Bootu Creek Project, the shares in OMM and the shares in TFE. In the unlikely event that the formal documentation with the Bank evidencing the New Standstill Agreement is not executed by the Closing Date, the Underwriter may terminate its obligations under the

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		Underwriting Agreement and in that event the Company may, depending upon relevant circumstances and timing: • Withdraw the Offer; or • Lodge a supplementary prospectus in accordance with the *Corporations Act* advising Eligible Shareholders of the changed circumstances.
Additional Funding	OMM's operations rely upon the regular and timely receipt of the proceeds of sale of its manganese product. OMM has fully drawn its financing facilities with the Bank and accordingly is reliant upon sales to provide it with adequate working capital. If OMM's production is affected adversely (because of wet weather for example) or its sales revenue is below budget (because of lower manganese prices or unfavourable exchange rates) OMM will have to seek temporary financial assistance from OMH and other companies within the OMH Group ("Group"). Whilst OMH Group support for working capital requirements has been (conditionally) assured to OMM (refer Section 3.4 above) the ability of the Group to provide that support is itself dependent upon the financial resources of the Group at the time and prevailing market conditions that may be adversely affecting the Group's other business activities. Once the formal documentation with the Bank evidencing the New Standstill Agreement is executed, the Bank's Project Facility, Working Capital Facility and Guarantee Facility require repayment by 31 December 2007. In any of the circumstances described above, it may be necessary for OMH to raise additional equity or debt. There is no assurance that the Company will be able to raise such additional funds when and if required or that the terms associated with obtaining such debt or capital will be satisfactory to the Company. Further, any additional equity raising may dilute the interests of Shareholders and any debt financing, if available, may involve financial covenants which limit the Company's operations.	The availability or terms of any future financing arrangements cannot be determined with certainty. Any inability to obtain additional finance, if required, may have a material adverse effect on the Company's business and its financial condition and performance.
CONTRACTUAL RISKS		
Take or Pay Contract Risks	OMM has entered into a number of "take or pay" contracts with other parties that oblige OMM to pay for an agreed amount of goods or services, whether OMM uses all of those goods or services	If productivity at Bootu Creek Project is lower than expected (for example, because the plant cannot

RISK	DESCRIPTION	RISK IMPACT
	or not. Companies with which OMM has entered take or pay arrangements include FreightLink (in relation to rail services), Darwin Port Corporation (in relation to bulk handling facilities at the Port of Darwin), Macmahon Contractors Pty Ltd (in relation to mining operations) and Kiernan Transport Group Pty Ltd (in relation to road transport services). For a fuller discussion of these agreements, refer to the Material Contracts Section at 6.6.	process ore delivered to the ROM pad by the mining contractor or there is less product to transport to the Darwin Port), OMM will nevertheless be required to pay for goods and services at the contracted rates, and to that extent may be paying for goods and services it does not require, or is not able to achieve sales to cover the cost of these goods and services, which may have an adverse effect on OMM's business and its financial performance and condition and cash flows.
Dependence on Outside Parties	OMM is dependent on a number of third party service and goods providers to successfully operate the Bootu Creek Project, including, but not limited to: • mining contractors; • mine site laboratory analysis services; • transportation service providers such as trucking, rail, and shipping contractors; • the Darwin Port Corporation for ship loading and stockpiling facilities; • stevedoring service providers; • aircraft charter service providers; and • other companies which provide materials and services that OMM uses in the course of undertaking its varied operational activities. The failure to agree or extend agreements with third party contractors, the loss of a key contractor, unsatisfactory performance by a third party contractor, or difficulties in securing relationships with suitable contractors in the future may result in delays and added expense to OMM's operations. OMM is reliant on the technical expertise of external consultants such as engineering consultants in order to carry out the proposed rectification works at the Bootu Creek Project processing plant and in order to continue to develop and operate the Bootu Creek Project. Should this technical expertise become unavailable to OMM, this could affect OMM's ability to achieve its objectives either fully or within the required timeframes and budgets.	An inability to secure ongoing supply of goods and services from third parties or at prices assumed within the short and long term mine plans and budgets could, potentially, adversely affect the results of the Company's operations or result in the delay or shutdown of an operation.
VOLATILITY IN THE PRICE OF MANGANESE AND	Commodity prices are influenced by the physical and investment demand for those commodities.	Fluctuations in commodity prices may influence timing, viability and

RISK	DESCRIPTION	RISK IMPACT
EXCHANGE RATES	Since the end of 2005 and throughout 2006, the global price of manganese has been weak due to alloy over supply and an increase in manganese product stockpiles in China. Although the market has shown signs of recovery in the first quarter of 2007, there is a risk that the weak price of manganese will continue. International prices of commodities such as manganese are denominated in United States dollars, whereas the income and expenditure of OMM are and will be taken into account in Australian currency, exposing OMM to the fluctuations and volatility of the rate of exchange between the United States and the Australian dollar as determined in international markets. OMM's manganese product is exported to China where it is sold at spot prices denominated in United States dollars rather than under long term contract prices.	management of projects in which OMM and the Company have an interest. The weak price of manganese has had a significant impact on the profitability of the Bootu Creek Project. The continued weak price of manganese or any substantial decline in the price of manganese could have a material adverse effect on OMM, particularly its revenue and rates of return. Fluctuations in the exchange rate between the Australian and United States currencies may have an adverse effect on the profitability and cash flow of OMM and the Company and the price or value of the Company's shares and the price at which the Company's shares trade on the ASX.
VOLATILITY IN THE MARKET PRICE OF SHARES	Although the Company is listed on the ASX, there is no assurance that an active trading market for its Shares will be sustained. There is also no assurance that the market price for the Shares will not decline below the Issue price. The market price of the Company's Shares could be subject to significant fluctuations due to various external factors and events, including the liquidity of the Shares in the market, any difference between the Company's actual financial and operating results and broader market-wide fluctuations.	Stock market volatility and weakness could result in the market price of the Shares decreasing so that they trade at prices significantly below the Issue price, without regard to the Company's operating performance.
NEGATIVE PUBLICITY	Any negative publicity or announcement relating to OMM or the Company, any substantial shareholders or key personnel may adversely affect the stock performance of the Company, whether or not this is justifiable. Examples of this negative publicity or announcement may include involvement in legal or insolvency proceedings, failed attempts in takeovers, joint ventures or other business transactions.	The price of the Company's Shares could be adversely affected.
INSURANCE	OMM maintains insurance coverage that is substantially consistent with mining industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to OMM at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by OMM now or in	Possible increase in OMM's operating costs and higher risk profile if adequate insurance cannot be obtained.

RISK	DESCRIPTION	RISK IMPACT
	the future will be adequate, or that a liability or other claim would not materially and adversely affect OMM's business.	
FOREIGN OPERATIONS	Because of the location of the Company's operations, the Company is subject to political, economic and other uncertainties. Changes in economic and business conditions or government policies, particularly in Australia and China (where the major customers for the Company's manganese product and ferro alloy customers are located), but also internationally, may impact the fundamentals upon which the performance of the Company does and will rely. Although it is considered that the government in China is stable, it is not possible to guarantee that the current investment climate will continue if social or political upheaval or a change in leadership occurs. Possible sovereign risks include changes to taxation rates or current taxation concessions, limitations on the repatriation of dividends, the transfer of funds, inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending, employment rates, social upheaval or war in China, its immediate proximity or elsewhere, and the enforceability of legal rights. In relation to the enforceability of legal rights, the Directors note that the Company's Qinzhou project is held by an entity incorporated in China.	These matters may result in material adverse impacts upon the business of the Company and its operating results and profitability. In the event of a dispute arising in connection with its foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of the courts of the Company's home jurisdiction or enforcing judgements obtained in its home jurisdiction in other jurisdictions.
	SECTION 2: SPECIFIC RISKS: OTHER ACTIVITIES	
PRODUCTION RISKS – OMQ	The business of ferro alloy production involves a number of risks. There can be no assurance that OMQ's existing and planned production will be profitable. Production has previously been negatively impacted by a shortage of low cost hydro-electric power in the region following abnormally dry weather conditions. Accordingly, OMQ was only able to operate one of its furnaces for an extended period from October 2005, reducing both production and profitability. The production of ferro alloys involves both exposure to both physical and external risk factors beyond the control of OMQ. Physical factors include major unexpected events such as technical problems, unavailability of replacement key equipment, machinery breakdown and/or equipment failure to perform to expectation. External factors include force majeure events, weather conditions and the availability of personnel which may result in unscheduled production down time and cost overruns.	There is a risk that OMQ may not be able to reach expected levels of production and production could fall below current levels. Cost and time overruns, and failure to meet planned shipment and production expectations can have an adverse impact on the profitability, cash flows and financial performance of OMQ.

RISK	DESCRIPTION	RISK IMPACT
Personnel – OMQ	The responsibility of overseeing day to day management and the strategic management of OMQ is concentrated amongst a small number of key people, including OMQ directors and senior management with specialised skills. There can be no assurance that there will not be a detrimental impact on OMQ's operations and its performance if a number of these key people cease their engagement with OMQ.	The unavailability or loss of the services of necessary key personnel including OMQ directors, employees and contractors, could have a material adverse effect upon OMQ, as OMQ may not be able to source required expertise within a reasonable time frame if at all.
People's Republic of China - National Policy	As a business operating in China, OMQ is required to obtain various licences, registrations and certificates such as business and tax licences, foreign exchange registration, pollutant discharge certification and other relevant licences and approvals. Furthermore, OMQ is required to fulfill requirements of the National Development and Reform Commission in terms of occupational, health and safety issues and environmental operation in accordance with the regulations imposed upon the ferro alloy industry.	Any failure to renew the required licences, registrations and approvals may result in the suspension, withdrawal, and/or termination of the licences and certificates. Furthermore, the regulations and requirements imposed by the various authorities are subject to change from time to time. There is no assurance that the requirements set by the authorities will be met at all times and furthermore, OMQ may have to incur higher costs to comply with varying requirements.
MARKET RISKS – OMQ	Ferro alloy production capacity in China exceeds local demand. With the tightening of the fiscal policy by the central government in order to reduce the overheating in the ferro alloy industry, all ferro alloy export from China is now subject to a 10% export tax. Furthermore, additional restriction measures such as export licences have been implemented with effect from 1 January 2007. OMQ cannot be assured that the current export tax and export licences will remain unchanged in the future.	The market for ferro alloys remains vulnerable and subject to further adjustments as small producers with outdated technology come under cost pressure. Some of these producers may also be heavy polluters and can expect to come under restricted government emissions control in the future, thereby further increasing costs. While OMQ operates new plant and with up to date technology, increased emissions control regulations and power costs, negatively impact on OMQ's cost competitiveness.
ADVERSE WEATHER CONDITIONS -	The OMQ smelter plant is located in the Guangxi Province in southern China. It has a monsoonal tropical climate characterised by a "wet" season	Heavy rainfall or other adverse weather events could significantly affect

RISK	DESCRIPTION	RISK IMPACT
OMQ	and a "dry" season. The "wet" season typically runs from May to October each year and involves regular heavy rainfalls and cyclones which may also bring significant rainfall in a short period of time. There is the risk that continual heavy rainfall may adversely affect production at the plant as raw materials inputs may have higher moisture content affecting productivity.	the ability of OMQ to meet its production targets and fulfil its sales obligations under agreements with its marketing agent ("OMS") and logistics providers, which may ultimately affect the profitability of OMQ.
VOLATILITY IN THE EXCHANGE RATES - OMQ	International prices of commodities such as manganese are denominated in United States dollars, whereas the income and expenditure of OMQ are reported in Chinese Yuan currency, exposing OMQ to the fluctuations and volatility of the rate of exchange between the United States and the Chinese Yuan currency. OMQ's raw materials are imported into China and ferro alloy products are then exported from China to various Asian countries. Both import and export transactions are conducted at spot prices denominated in United States dollars rather than under long term contract prices.	Fluctuations in the exchange rate between the Chinese Yuan and United States currencies may have an adverse impact on the profitability and cash flow of OMQ.
MARKET RISKS – OMS	The manganese and alloy markets have been erratic and volatile for the past 18 months and have only recently shown signs of recovery. OMS's financial performance depends to a large extent on the state of the markets for the commodities it trades. There may be unexpected changes in customer demands or expectations for existing products. OMS recently sold its marketing rights to iron ore products to be produced by Territory Iron Limited, further reducing the mix of commodities traded by OMS and its potential future earnings. There are certain risks inherent in OMS conducting its business on an international level, such as unexpected changes in regulatory requirements including taxation, tariffs, customs, duties and other trade barriers, longer payment cycles, political instability, fluctuations in foreign currency exchange and seasonal reductions in business activity (eg Chinese New Year). OMS relies upon the experience and reputation of key executives for its ability to maintain ongoing relationships with customers and suppliers. The responsibility of overseeing the day to day and strategic management of OMS is concentrated amongst a small number of key people, including OMS directors and senior management. There can be no assurance that there will not be a detrimental impact on OMS's operations and performance if a number of these key people cease their engagement with OMS.	OMS will not realise the potential future earnings that it may have derived from the sale of the iron ore produced by Territory Iron Limited.

RISK	DESCRIPTION	RISK IMPACT
	SECTION 3: OTHER GENERAL RISKS	
FOREIGN INCORPORATED COMPANY	The Company is incorporated in Bermuda under the Companies Act 1981. As such, the Company is subject to the Australian *Corporations Act* only insofar as it relates to foreign incorporated companies and companies listed on the ASX. Being listed on the ASX, the Company is regulated by the ASX Listing Rules.	Investors should be aware that there is a risk that the provisions of the Bermudan Companies Act 1981 may not offer the same protection to shareholders' rights as the Australian *Corporations Act*. Shareholders should consider obtaining independent legal advice on the implications of investing in foreign incorporated companies.
LEGISLATIVE CHANGE	Changes in government regulations, policies and the laws of foreign countries may have an adverse effect on the Company's operations and financial performance. The Directors cannot guarantee that current regulations, policies and laws will not change or impact on the Company's operations.	Such changes may have an adverse effect on the Company's operations and financial performance.
GENERAL ECONOMIC CLIMATE	A number of factors outside the control of the Company may impact significantly on the Company, its performance and the price of its shares, including: • inflation; • currency fluctuations; • interest rates; • legislative changes; • political decisions; and • industrial disruption.	The Company's future income, asset values and share price can be affected by these factors and, in particular, by the market price for any metals and other products that the Company may produce and sell.
STOCK MARKET CONDITIONS	Some of the critical market risks which may affect the operations and financial performance of the Company (regardless of the Company's operating performance) are: • domestic and international competition; • competitive pressures forcing market prices lower; • fluctuations in commodity prices including the manganese price; • market confidence; • supply of and demand for money; • supply of and demand for manganese; • terrorism and other hostilities; • changes in fiscal, monetary and regulatory policies; and • currency exchange rate fluctuations. The market price of the New Shares when quoted on the ASX will be influenced by these international and domestic factors affecting	These factors may affect (adversely or positively) the prices for listed securities and the prices for the securities of mining companies quoted on the ASX, including OMH. These factors are beyond the control of the Company and the Company cannot to any degrees of certainty, predict how they will impact on the Company (if at all).

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	sentiment and other conditions in equity and financial markets.	

6.0 ADDITIONAL INFORMATION

6.1 Nature of the Prospectus

This Prospectus is a transaction specific prospectus issued under section 713 of the *Corporations Act* which allows the issue of a transaction specific prospectus in relation to offers of securities where those securities are of a class which have been quoted for 12 months before the date of that prospectus.

6.2 ASX listing

Application will be made within seven days of the date of issue of this Prospectus for the New Shares to be granted Official Quotation by ASX.

If such an application is not made within these seven days, or Official Quotation of the securities is not granted by ASX within three months of the date of issue of this Prospectus, then all application monies received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

The Company participates in CHESS and will despatch holding statements in lieu of share and option certificates that set out the number of New Shares issued to each successful Applicant under this Prospectus.

It is the responsibility of Applicants to determine their allocation before trading in the New Shares. Applicants who sell New Shares before they receive their statement do so at their own risk.

6.3 Rights attaching to New Shares

The Company is incorporated in Bermuda under the Bermudan Companies Act 1981. OMH is subject to the Australian *Corporations Act* only insofar as it relates to foreign incorporated companies and companies listed on the Australian Stock Exchange. As a company listed on the ASX, OM Holdings Limited is also regulated by the ASX Listing Rules.

The rights attaching to ownership of Shares (including New Shares) are:

- described in the Bye-laws; and
- regulated by the Companies Act 1981 (Bermuda) and the *Corporations Act* insofar as it relates to foreign incorporated companies and companies listed on the ASX ("the applicable law"); and
- the ASX Listing Rules and the general law.

The New Shares to be issued pursuant to this Prospectus will rank *pari passu* with all other Shares presently on issue. The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to all shares:

(a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares in accordance with the Bye-laws:

(i) each member entitled to vote may vote in person or by proxy or by representative;
(ii) on a show of hands, every person present who is a shareholder or a proxy or representative of a shareholder has one vote; and
(iii) on a poll, every person who is a shareholder or a proxy or representative of a shareholder present has one vote for each share held.

(b) Dividend Rights

The Company in general meeting may from time to time determine to distribute the profits of the Company by way of dividend but no amount shall be declared in excess of the amount recommended by the Board.

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the dividend will be declared and paid to shareholders so entitled to those dividends in proportion to the shares held by them respectively, according to the amount paid up, or credited as paid up, on the shares.

(c) Rights on Winding Up

Subject to the rights of holders of shares with special rights (at present there are none), if the Company is wound up, the liquidator may, at its discretion and with the authority of a special resolution and any other sanction required by the applicable law, divide among the shareholders in specie or in kind, the whole or any part of the assets of the Company that may be legally distributed among the shareholders.

(d) Transfer of Shares

Subject to the Bye-laws of the Company, the applicable law and the ASX Listing Rules, Shares in the Company are freely transferable.

(e) Future Issues

Subject to the Bye-laws of the Company, the applicable law and the ASX Listing Rules, the Directors may allot, issue or grant options over, or otherwise deal with the unissued shares in the Company at the times and on the terms and conditions that the Directors think proper and a share may be issued with preferential, deferred, qualified or special rights, privileges or conditions or restrictions including, but not limited to, restrictions in regard to dividends, voting or return of capital as the Directors from time to time determine.

(f) Variation of Rights

Subject to the Bye-laws of the Company and the applicable law, unless otherwise provided by the terms of issue of shares of a certain class (at present there are no such shares), the rights attached to shares of that class may, whether or not the Company is being wound up, from time to time be varied, modified or abrogated either with the consent in writing of the holders of three quarters of the issued shares of the relevant class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

(g) Alteration of Bye-laws

The Bye-laws can only be amended by a resolution of the Directors confirmed by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by shareholders entitled to vote on the resolution). While the Company is listed, at least 21 days written notice of the special resolution must be given.

Full details of the rights attaching to Shares are set out in the Bye-laws of the Company, a copy of which can be inspected, free of charge, at the office of OMM, at Level 1, 46 Parliament Place, West Perth, Western Australia during normal business hours.

6.4 Indemnification of Directors

To the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company and indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred or allegedly incurred by the person as an officer of the Company.

6.5 Taxation

The Directors consider that it is not appropriate to give advice regarding the taxation consequences associated with the acquisition, sale or exercising of rights, or the subsequent disposal of any Shares subscribed for under this Prospectus. The Directors recommend that all Eligible Shareholders consult their own professional tax advisers.

6.6 Material Contracts

6.6.1 Underwriting Agreement

OMH has entered into an Underwriting Agreement with the Underwriter dated 2 March 2007 (as amended on 29 March 2007) pursuant to which the Underwriter has agreed to underwrite the subscription of 74,166,358 New Shares ("Underwritten Shares") under the terms and conditions contained in the Underwriting Agreement.

The key terms and conditions of the Underwriting Agreement are described below.

Relief from Underwriting Obligations

The Underwriter may terminate its underwriting obligations under the Underwriting Agreement if:

- the S&P ASX 200 Index falls 10% or more below the level it is at the close of business on the business day prior to the date of the Underwriting Agreement;
- the Company does not lodge this Prospectus or the Offer is withdrawn;
- the Company fails to lodge an Appendix 3B with the ASX within 7 days of the date of lodging this Prospectus;
- circumstances arise whereby the Underwriter forms the view on reasonable grounds that the Company should lodge a Supplementary Prospectus, and the Company does not do so, or the Company lodges a Supplementary Prospectus without the Underwriter's prior written agreement;
- this Prospectus does not contain all of the information that investors and their advisers would reasonably require to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company, and the rights and liabilities attaching to the Underwritten Shares;
- this Prospectus is found to contain any statement that is (or becomes) misleading or deceptive or likely to mislead or deceive, or there is an omission from the Prospectus, or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- the Company is prevented from allotting the Underwritten Shares within the time required by the Underwriting Agreement, the *Corporations Act*, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- any person (other than the Underwriter) withdraws their consent to having their name included in the Prospectus;
- ASIC makes an application for an order under section 1324B or any other provision of the *Corporations Act* in relation to the Prospectus which has not been withdrawn or dismissed at the date of the shortfall notice deadline;
- ASIC gives notice of its intention to hold a hearing under section 739 of the *Corporations Act* in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus, or ASIC makes an interim stop order in relation to the Prospectus;
- the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the *Corporations Act*, or an application for such a declaration is made to the Takeovers Panel;
- there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- a director or senior manager of the Company or a subsidiary of the Company is charged with an indictable offence;
- Mr Low Ngee Tong or Ms Heng Siow Kwee (both Executive Directors of the Company) do not take up their full entitlements under the Issue or threaten to not take up their full entitlements under the Issue (see Section 6.11 below for further details); or
- the Company, OMM and the Bank have not executed all of the documentation required to evidence the terms of the New Standstill Agreement (as described in Section 6.6.2 below) by the Closing Date.

Further, if, any of the following events has, is likely to have, or together have, or could reasonably be expected to have, in the reasonable opinion of the Underwriter reached in good faith, a Material Adverse Effect (defined in the Underwriting Agreement as a material adverse effect on the issue or the subsequent market for the Underwritten Shares, or on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries as a whole) or could give rise to a liability of the Underwriter under the *Corporations Act*, the Underwriter is entitled to terminate the Underwriting Agreement:

- default or breach by the Company under the Underwriting Agreement of any term, condition, covenant or undertaking;
- any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
- a contravention by the Company or any of its subsidiaries of any provision of its Bye-laws, the *Corporations Act*, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or any subsidiary of the Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- it transpires that any of the due diligence review or any part of the verification material for the Prospectus was false, misleading or deceptive or that there was an omission from them;
- a "new circumstance" as referred to in section 719(1) of the *Corporations Act* arises that is materially adverse from the point of view of an investor;
- without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus;
- any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
- the official quotation is qualified or conditional in a way that the Underwriter considers may have a material adverse effect;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs, other than as disclosed in the Prospectus;
- the Company suspends payment of its debts generally;
- an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company or any of its subsidiaries;
- a judgment in an amount exceeding $500,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 14 days;
- litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company or any of its subsidiaries, other than any claims foreshadowed in this Prospectus;
- there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Shares without the prior written consent of the Underwriter;
- there is a material change in the major or controlling shareholdings of the Company or any of its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the *Corporations Act* is publicly announced in relation to the Company or any of its subsidiaries;
- there is a delay in any specified date in the Prospectus timetable not solely attributable to the act, default or omission of the Underwriter which is greater than 3 Business Days;
- a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the *Corporations Act* or a resolution to amend its Bye-laws without the prior written consent of the Underwriter;
- the Company or any of its subsidiaries alters its capital structure or business operations in any manner not contemplated by this Prospectus, or the appointment of a liquidator or administrator;
- any material contract is terminated or substantially modified;

- any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any of its subsidiaries; or
- a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

Representations, warranties and undertakings

The Company makes certain representations, warranties and undertakings to the best of its knowledge and belief to the Underwriter including (without being exhaustive):

- compliance with the *Corporations Act*, any legally binding requirement of ASIC or ASX in all material respects and compliance with the ASX Listing Rules; and
- no breach of material agreements;
- legal compliance of the Prospectus;
- correctness and completeness of information provided.

Underwriting Fee

Under the Underwriting Agreement, the Company must pay the Underwriter an underwriting fee of 5% of the underwritten amount of $16,316,599 at the time of issue of the Shortfall Shares.

6.6.2 Bank Agreements

In November 2005 OMM entered into a secured Project Financing Facility with the Commonwealth Bank of Australia ("the Bank") comprising a $13 million Project Facility, $7 million Working Capital Facility, Foreign Exchange Hedging Facility and $0.5 million Performance Bond Facility. The Bank has a fixed and floating charge over all of OMM's assets including the Bootu Creek Project assets with limited recourse to OMH via a mortgage granted by OMH to the Bank over the issued shares in OMM.

In December 2005 the Bank agreed to a Guarantee Facility covering OMM's obligations with respect to the deferred consideration due to Groote Eylandt Mining Company Pty Limited ("GEMCO") in relation to OMM's acquisition of GEMCO's 25% interest in the Bootu Creek Project totalling US$5.32 million. OMM has paid US$2.66 million of this deferred consideration with the remaining US$2.66 million due on 31 December 2007. OMH has provided a guarantee to the Bank in relation to this specific liability owed to GEMCO.

In June 2006 the Bank agreed to allow OMM to increase the Working Capital Facility by $3.83 million to $10.83 million as a result of OMM increasing its interest in the Bootu Creek Project to 100%. The $13 million project facility and $10.83 million Working Capital Facility were fully drawn down by 30 June 2006, as was $0.373 million of the $0.5 million Performance Bond facility.

On 12 December 2006 the Bank agreed to a standstill arrangement with OMM and OMH in consideration of OMH's agreement to provide additional funds to OMM in accordance with prescribed budgeted cash flows to 28 February 2007.

An overview of the position with the Bank as at 31 December 2006 was as follows:

Type of Facility	Amount	Extent drawn-down
Project	$12.1 million ([1])	Fully-drawn
Working Capital	$10.83 million	Fully-drawn
Guarantee	US$2.66 million	To be drawn down on 31 December 2007 if payment not made to GEMCO
Performance Bond	$0.5 million	Drawn to $0.373 million
[1] OMM made a scheduled repayment of $0.9 million on 31 January 2007.		

In addition, under the Foreign Exchange Hedging Facility OMM has entered into the following Transactions as at 31 December 2006:

Type of Transaction	Terms	"Mark to Market" at spot rate of US$0.791 (31 December 2006)
A$ call options	Total of US$4.61 million capped at a strike price of US$0.745	+ $0.347 million
Forward Sales Contract	Total of US$3.198 million sold forward at a rate of US$0.7295	+ $0.349 million
Spot US$ purchases	Rate US$0.745	+ $0.031 million

The mark to market as at 28 February 2007 of the Foreign Exchange Hedging Facility was $0.419 million at a spot rate of US$0.788.

On 27 February 2007 the Bank agreed in principle (subject to the execution of formal documentation) to a new standstill arrangement in relation to all Project Facilities out to 31 December 2007 ("New Standstill Agreement") based upon:

- **Project facility repayments:** Principal repayment of $5.5 million on or before 9 May 2007 and a further principal repayment of $6.6 million on 31 December 2007.
- **Working capital facility repayments:** Principal repayment of $2.83 million on 31 December 2007 and the balance of the principal outstanding on 31 March 2008, subject to a successful annual review by the Bank when that date may be extended for 364 days.
- **Guarantee facility repayment:** On 31 December 2007 the Bank must be released from all its guarantees issued under the guarantee facility or cash collateral must be provided to the Bank.
- **Performance bond facility repayment:** On 31 December 2007, subject to a successful annual review by the Bank when that date may be extended for 364 days, the Bank may require to be released from all its performance bonds issued under the Performance Bond Facility or cash collateral must be provided to the Bank, by 31 March 2008.
- **Interest Service Reserve Account:** On or before 9 May 2007, OMM must deposit an amount of $0.5 million into an account with the Bank to cover interest and fees payable to the Bank.
- **Fees:** OMM must pay to the Bank an extension fee of $100,000 on or before 9 May 2007 and interest in respect of the Project Facility and the Working Capital Facility based on the bank bill rate plus a margin of 2.5% per annum.
- **Shares in Territory Iron Limited:** OMH must grant a first ranking mortgage over all of its shares in TFE and may not sell those shares without the prior written consent of the Bank. If the Bank consents to the sale of shares held by OMH in TFE, then the proceeds of sale of those shares must be applied to reduce the principal outstanding in respect of the Project and Working Capital facilities.
- **Incentive:** If the aggregate principal outstanding under the Project Facility and the Working Capital Facility exceeds $10 million on or after 31 August 2007, then OMM must pay the Bank an extension fee of $100,000 and the margin for those facilities increases to 3.5% per annum.
- **Rectification work program:** OMM must comply with the following programme with respect to the rectification work described in Section 3.2.3 (above):

    1. On or before 31 May 2007, OMM is to provide to the Bank, in an appropriate form and substance, the final rectification program in respect of the Bootu Creek Project ("Rectification Program"), including costs and timeframes;

2. On or before 1 July 2007, OMM is to commence the rectification works as specified in the Rectification Program, including the ordering of plant and equipment, the mobilisation of contractors and the obtaining of OMM board approval of the Rectification Program;

3. On or before 31 October 2007, OMM is to complete the rectification in the Rectification Program to the satisfaction of the Bank, including the achievement of the throughput rates specified in the Rectification Program; and

4. On or before 30 November 2007, OMM is to commission the rectification works specified in the Rectification Program to the satisfaction of the Bank, including the commissioning of all plant and machinery.

Under the New Standstill Agreement, OMM is not required to comply with any of the financial and reserve ratios until 31 March 2008 and accordingly OMM's failure to meet these ratios will have no consequences. However, OMM will be obliged to observe all of the other terms and conditions of the Project Loan Facilities, including compliance with the Revised Life of Mine Plan and Base Case Model, as recently approved by the Bank.

6.6.3 Freight Link Pty Ltd Freight Contract

A Mine Products Rail Freight Agreement exists between OMM, OMH and Freight Link Pty Ltd ("Freight Link") , relating to rail haulage services for the Bootu Creek Project. The Agreement commenced in May 2006. The Agreement provides Freight Link with the exclusive right to provide rail freight services for the transport of mine product from the Muckaty Rail Siding to the Port of Darwin.

OMH provides a guarantee in relation to all payments due under the Agreement by OMM and an indemnity in relation to all losses Freight Link may suffer if OMM defaults under the Agreement.

Under the Agreement, OMM is required to supply for haul at least 250,000 tonnes of mine product in each 6 month period of the Agreement. If Freight Link fails to haul this amount of mine product Freight Link must carry the shortfall at the applicable rate for tonnes in excess of 300,000 tonnes. If Freight Link fails to haul this amount because OMM does not load or have available to load sufficient mine product, OMM's maximum liability is capped at the service charge payable if the minimum amount was hauled, less the service charge paid for that 6 month period, plus any additional service charges (being Freight Link's charge for delayed loading or unloading for each monthly period).

Other OMM obligations under the Agreement relate to preparation for commencement of services, providing bulk hopper wagons, access to loading and unloading facilities at the Muckaty Rail Siding, operational interface and product measurement.

OMM can terminate the Agreement on 3 months written notice and the payment of an early termination sum and any costs of services reasonably ordered prior to termination, unamortised costs of construction of the Muckaty Rail Siding, and compensation for redeployment of rolling stock. No amount is payable for lost profits. This amount is to be agreed or determined by an expert.

Either party can terminate with 30 days notice for a default for non-payment, failure to comply with a material obligation, insolvency, or Freight Link losing its access rights to the railway. No party is responsible for another party's consequential losses.

6.6.4 Rental of rail wagons

In November 2005 OMM entered into an Agreement with CFCL Australia Pty Limited ("CFCL") for the rental of rail wagons to cart product.

The Agreement provides for the rent of 46 wagons paid for by a daily and per kilometre charge (as well as stamp duty and GST). OMM and CFCL give standard indemnities which do not extend to consequential loss (including loss of profits).

The Agreement is for a term of 10 years and can be cancelled at any time, whereupon OMM is required to pay a fee per wagon per month, until the end of a 5 year period (if the Agreement is cancelled in the first 5 years of the term of the Agreement), or until the end of the term of the Agreement (if the Agreement is cancelled in the second half of the term of the Agreement). Upon cancellation OMM is also required to pay a set sum, stamp duty and GST.

CFCL can terminate the Agreement for a payment default by OMM which is not remedied within 7 days of written notice, a default that is not remedied within 14 days (for breach of an essential term) or 28 days (for all other terms), or the winding up or insolvency of OMM.

6.6.5 Bulk Handling Facility Operating Agreement

In April 2006 OMM entered into a 10 year Bulk Handling Facility Agreement with the Darwin Port Corporation ("DPC"). The Agreement is for the use of the bulk handling facilities (Rail Dump Facility, Truck Dump Facility, Shiploader Feed Conveyor, Sample Station and Shiploader Facility), on a non-exclusive basis, to be constructed by DPC at the Port of Darwin.

The Rail Dump Facility is being utilised by OMM, however the Truck Dump Facility, Sample Station and Shiploader Facility are still under construction and as a result OMM uses a contractor to load manganese product onto ships (refer section 6.6.8 below).

The wharfage fee under the Agreement is calculated by multiplying the applicable wharfage rate by the number of tonnes of product loaded on to each vessel. The fee is subject to adjustment annually and after 5 years. The wharfage fee includes an allowance for all maintenance and repair of the facilities by DPC, but does not include labour directly associated with OMM's operation of the facilities.

The Agreement provides for the handling of minimum tonnages on a "take or pay" basis (that is, whether or not the product is actually transported on the facilities) which increase after the completion of all of the facilities. If the actual tonnage in any year exceeds the minimum tonnage, the difference is carried forward to the next year to reduce the minimum for that year.

Neither party is responsible for indirect or consequential loss of the other. The liability of each party to the other for claims arising under the Agreement is limited except to the extent that either party is entitled to be indemnified under an insurance policy.

6.6.6 Road Transport Agreement

An Agreement exists between OMM and Mitchell North, which was assigned to Kiernan Transport Group Pty Ltd ("KTG") in December 2006, for the provision of equipment and plant as necessary for loading of road trains, weighing, hauling, stockpiling and rail-wagon loading of product from the Bootu Creek Project.

The Agreement has a term of 3 years from 1 December 2006. KTG is paid on a unit rate fixed for 12 months and adjustable each 12 months period thereafter. The Agreement is a "take or pay" Agreement.

If OMM breaches or repudiates the Agreement, OMM must pay to KTG any money due that is unpaid under a payment certificate, for work done prior to termination that would have been payable if a payment claim had been made, the cost of materials reasonably ordered by KTG under the Agreement for which KTG is liable to pay, compensation for demobilisation and other costs associated with mobile plant (until 2 months after the Agreement ends, or the plant is used for other work). The total payable by OMM is not to exceed the total contract sum plus approved variations, when aggregated with the money paid to KTG before the Agreement ended.

If OMM does not pay KTG an amount due under the Agreement in the required time, KTG may give notice that if payment is not made within 7 days the works may be suspended or the agreement terminated. KTG may terminate for OMM's failure to pay due moneys, allow access to the site, or failure of the Superintendent to give a Certificate of Practical Completion. Either party can terminate without notice in the event of the other party's insolvency.

OMM may end the Agreement by giving written notice if in OMM's reasonable opinion continuing with the works is not economically viable. If OMM exercises this right, KTG waives its claim for damages on account of that, including loss of anticipated profits, and OMM pays KTG as its only right and remedy the money owing under the Agreement at that time.

There is no provision for liquidated damages in the Agreement.

6.6.7 Mining, Processing and Stockpiling Agreement with Macmahon Contractors

An Agreement exists between OMM and Macmahon Contractors Pty Ltd ("MMC") for mining, processing and stockpiling at the Bootu Creek Project, including mine development work and open pit mining. Until November 2006, MMC operated and maintained the processing plant however since that time OMM has done so and the original Agreement has been varied accordingly.

The term of the Agreement is until December 2008. The Agreement is a "take or pay" Agreement.

If the Mine Management Plan that was in place when the Agreement commenced is changed during the term of the Agreement, and MMC incur any additional costs in complying with it, variations will be agreed between the parties.

If OMM breaches or repudiates the Agreement, OMM must pay to MMC any money due that is unpaid under a payment certificate, for work done prior to termination that would have been payable if a payment certificate had been issued, the cost of materials reasonably ordered by MMC under the Agreement for which MMC is liable to pay, costs of services properly ordered for carrying out the works for which MMC is liable to pay, compensation for demobilisation and other costs associated with mobile plant (until 2 months after the Agreement ends, or the plant is used for other work), and money owing for work carried out by MMC in relation to the supply of sufficient labour and equipment to mine and transport ore to the process plant. The total payable by OMM is not to exceed the total contract sum plus approved variations, when aggregated with the money paid to MMC before the Agreement ended.

If OMM does not pay MMC an amount due in the required time, MMC may give notice that if payment is not made within 7 days, the works may be suspended or the agreement terminated. MMC may terminate for OMM's failure to pay due moneys, allow access to the site, or for OMM's repudiation or breach of the Agreement. Either party can terminate without notice in the event of the other party's insolvency.

OMM may end the Agreement by giving 30 days notice if in OMM's reasonable opinion continuing with any parts of the works is not economically viable. If OMM exercises this right, MMC waives its claim for damages on account of that, including loss of anticipated profits, and OMM pays MMC as its only right and remedy the money owing under the Agreement at that time.

There is no provision for liquidated damages in the Agreement.

6.6.8 Stevedoring Agreement with Patrick Stevedores Operations Pty Ltd

OMM has an Agreement with Patrick Stevedores Operations Pty Ltd ("Patrick") for receiving, stockpile management, transport and stevedoring services. Although a formal Agreement has yet to be executed, there is a draft Agreement the terms of which the parties have agreed to operate under. Patrick unloads the product from the rail wagons using the Darwin Port Rail Dump facility, stockpiles the product and manages the stockpile, loads the product into skips for transport to ships, supplies trucks to transport the skips to the ships, and provides stevedoring services.

Fees are paid to Patrick for unloading, stockpiling, loading and stevedoring per tonne of product. Additional fees are paid for any additional equipment and labour required (per hour) for additional services and per movement and mobilisation.

6.7 Privacy

If you apply for New Shares, you will provide personal information to the Company and the Share Registry. Company laws and tax laws require some of the information to be collected and kept. The Company will collect, hold and use the information provided by you to process your application and to administer your investment in the Company.

If you do not provide the information requested in the Entitlement and Acceptance Form, the Company and the Share Registry may not be able to process your application.

The Company may disclose your personal information for purposes related to your investment to the Company's agents and service providers. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the shareholder register,

- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- the Underwriter to confirm applications; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising, on the Shares and for associated actions.

The Company complies with its legal obligations under the Privacy Act 1988 (Cth).

You may request access to your personal information held by (or on behalf of) the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Computershare Investor Services Pty Limited
Level 2
Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

6.8 Consents and Interests of Parties

Each of the parties referred to in this section does not make, or purport to make, any statement in this Prospectus other than as specified in this section and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name or a statement included in this Prospectus with the consent of that party as specified in this section.

Euroz Securities Limited has given, and not before the date of this Prospectus (including any electronic version) withdrawn its consent to being named in this Prospectus in the form and context in which their name has been included. Euroz Securities Limited makes no express or implied representation or warranty in relation to OMH, this Prospectus or the Offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Euroz Securities Limited. To the maximum extent permitted by law, Euroz Securities Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to OMH. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of this Prospectus.

Salter Power has given and not before the date of this Prospectus withdrawn its consent to being named in this Prospectus in the form and context in which their name has been included. Salter Power has not caused the issue of or in any way authorised this Prospectus and takes no responsibility for the issue of this Prospectus.

Foo Kon Tan Grant Thornton Certified Public Accountants has given and not before the date of this Prospectus withdrawn its consent to being named in this Prospectus in the form and context in which their name has been included. Foo Kon Tan Grant Thornton Certified Public Accountants has not caused the issue of or in any way authorised this Prospectus and takes no responsibility for the issue of this Prospectus.

RSG Global Integrated Mining Solutions has given and not before the date of this Prospectus withdrawn its consent to being named in this Prospectus in the form and context in which their name has been included. RSG Global Integrated Mining Solutions has not caused the issue of or in any way authorised this Prospectus and takes no responsibility for the issue of this Prospectus.

Euroz Securities Limited has agreed to act as Underwriter to the Issue and will receive fees in connection with the Entitlements Issue as described in Section 6.6.1. In addition Euroz has provided corporate advisory and underwriting services to the Company in respect of which Euroz has been paid $1,945,000 (excluding GST) in the previous two years. In addition Euroz has been issued with 2,000,000 unlisted Options exercisable at 20 cents each on or before 2 March 2012 in exchange for advisory services.

Salter Power are entitled to be paid approximately $55,000 (excluding GST) for advice and assistance in relation to the due diligence and other services related to the Prospectus. Salter Power has been paid approximately $443,000 (excluding GST) in other fees for services to the Company and OMM in the previous 2 years.

No expert, nor any firm in which such expert is partner, has or had in the past two years any interest in the promotion or formation of the Company nor have any amounts been paid or agreed to be paid (whether in cash, shares or otherwise) to an expert or to a firm in which an expert is a partner for services rendered by the expert in connection with the promotion of the Company other than set out below:

Foo Kon Tan Grant Thornton Certified Public Accountants were appointed as the Company's auditors on 26 May 2006. Prior to that appointment Foo Kon Tan Grant Thornton Certified Public Accountants acted only as the auditor and tax agent of OMS. Foo Kon Tan Grant Thornton Certified Public Accountants received the amount of $42,500 (inclusive of GST) in the last 2 years ending for the provision of professional services to the Company and/or OMS in connection with the audit or review of the financial reports of the Company and/or OMS and for tax services and advice provided to OMS.

The information in Section 3.3 which relates to Mineral Resources and Ore Reserves is based on information compiled by Mr Craig Reddell and Mr Mark Laing, full time employees of OMM and who are Members of the Australasian Institute of Mining and Metallurgy. The information in Section 3.3 which relates to Mineral Resource estimates is based on information compiled by Mr Robert Spiers, a full time employee of Hellman and Schofield Pty Ltd and a Member of the Australian Institute of Geoscientists. Mr Reddell, Mr Laing and Mr Spiers have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 Reddell, Mr Laing and Mr Spiers consent to the reporting of this information in the form and context in which it appears.

6.9 Directors' authorisation

Each Director of OMH has given, and has not withdrawn, his or her consent to the lodgement of this Prospectus with ASIC.

6.10 Continuous Disclosure and Documents Available for Inspection

The Prospectus is issued pursuant to section 713 of the *Corporations Act*.

Section 713 of the *Corporations Act* enables companies to issue transaction specific prospectuses where those companies are and have been for a period of 12 months disclosing entities.

The Company is a "disclosing entity" for the purposes of section 713 of the *Corporations Act*. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company will provide a copy of each of the following documents, free of charge, to any person who asks for it prior to the Closing Date:

(a) the Annual Report, being the annual financial report most recently lodged with ASIC by the Company;
(b) the preliminary final report of the Company for the year ended 31 December 2006 (Appendix 4E);
(c) any continuous disclosure notices given by the Company after the lodgement of the Annual Report referred to in paragraph (a) above and before the lodgement of this Prospectus with the ASIC.

Such notices are listed below under the heading "Stock Exchange Releases".

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

Stock Exchange Releases

ASX releases of the Company since the Annual Report are listed below:

Date Lodged	Announcement
27 March 2007	31 December 2006 Financial Statements and Reports
5 March 2007	Non-Renounceable Entitlements Issue
2 March 2007	Request for Trading Halt
28 February 2007	Preliminary Final Report
14 February 2007	Bootu Creek Manganese Mine Market Update
18 December 2006	Bootu Creek Manganese Mine Market Update
21 November 2006	Update on Bootu Creek & Other Group Operations
17 November 2006	Trading Halt
14 November 2006	Appendix 3B: Issue of Unlisted Options
26 October 2006	Bootu Creek Helicopter EM Survey Results
18 October 2006	Upgrade to Tourag Resource
5 October 2006	Change of Director's Interest Notice
4 October 2006	Share Placement Settlement/Appendix 3B
31 August 2006	Ceasing to be a substantial holder
29 August 2006	Appendix 3B - Share Placement
25 August 2006	Half Yearly Report & Half Year Accounts
9 August 2006	Change in substantial holding
1 August 2006	Change of Director's Interest Notice
1 August 2006	Significant Upgrade to resource at Chugga
25 July 2006	Quarterly Market Update
4 July 2006	Ceasing to be a substantial holder from WBC
30 June 2006	Becoming a substantial holder
13 June 2006	First shipment of product from Bootu Creek manganese mine
26 May 2006	Results of AGM
26 May 2006	AGM Presentation
26 May 2006	Change in substantial holding for TFE
16 May 2006	RIU Sydney Resources Conference Presentation
10 May 2006	Upgraded Resource at Shekuma
3 May 2006	Quarterly Market Update
27 April 2006	Notice of Annual General Meeting

6.11 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in;

(a) the formation or promotion of the Company;
(b) any property acquired or proposed to be acquired by the Company in connection with its promotion or formation or in connection with the offer of New Shares; or
(c) the offer of New Shares, other than as ordinary Shareholders,

and no amounts or benefits have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director;

(a) to induce him or her to become, or to qualify him as a Director; or
(b) for services rendered by him or her in connection with the promotion or formation of the Company or the offer of new Shares.

The remuneration paid to Directors or their related entities during the past two financial years preceding the lodgement of this Prospectus with ASIC is set out below:

Director	**2006 TOTAL $**	**2005 TOTAL $**
Yeo Wee Kiong	75,000	132,000
Low Ngee Tong	370,520	402,000
Heng Siow Kwee	140,515	133,000
Trevor Tennant	300,000	363,000
Seetoh Kwok Weng	192,980	207,000
Julie-Anne Wolseley (i)	50,000	52,000
William Mackenzie	50,000	28,000

(i) Sparkling Investments Pty Ltd, an entity related to Ms Julie-Anne Wolseley, a Director of the Company, is entitled to be paid approximately $26,000 (excluding GST) for services provided in connection with the Offer. These services related to the due diligence programme conducted in connection with the Offer and the preparation of the Prospectus

Details of the remuneration paid to Directors or their related entity in the years to 31 December 2005 are set out in the relevant section of the Annual Report in respect of that year which has been lodged by the Company with ASX and ASIC. The Company will provide a copy of this document free of charge to any person on request before the Closing Date.

The Directors are entitled to reasonable travelling, hotel and other expenses incurred by them respectively on or about their performance of their duties as Directors. Subject to the *Corporations Act* and ASX Listing Rules, if a Director is called upon to perform extra duties or make special exertions on behalf of the Company, the Directors may remunerate that Director which may be in addition to or in substitution for their usual Director's fee.

Directors' Share and Option holdings at the date of this Prospectus are:

Director	**Ordinary Shares**		**Options**
	Direct	**Indirect**	
Yeo Wee Kiong	-	-	500,000 (4)
Low Ngee Tong (1) (3)	990,000	13,525,000	-
Heng Siow Kwee (2) (3)	495,000	15,015,710	-
Trevor Tennant	4,060,535	100,000	-
Seetoh Kwok Weng	1,793,000	-	-
Julie-Anne Wolseley	16,667	-	500,000 (4)
William MacKenzie	-	-	529,000 (5)
TOTAL	**7,355,202**	**28,640,710**	**1,529,000**

(1) Mr Low Ngee Tong's direct holding of 990,000 Shares are held personally. His indirect holdings of 13,525,000 Shares are held by:

Ramley International Limited 13,475,000 Shares
DBS Vickers (Securities) Limited 50,000 Shares

(2) Ms Heng Siow Kwee's direct holding of 495,000 Shares is held personally. Her indirect holding of 15,015,710 Shares is held by Dino Company Limited.

(3) Mr Low Ngee Tong (for himself and for and on behalf of Ramley International Limited and DBS Vickers (Securities) Limited) and Ms Heng Siow Kwee (for herself and for and on behalf of Dino Company Limited) have agreed with the Underwriter to take up their full entitlements in the Issue, as follows:

Shareholder Name	Number of New Shares	Entitlement $
Low Ngee Tong	495,000	108,900
Ramley International Limited	6,737,500	1,482,250
DBS Vickers Securities Limited	25,000	5,500
Heng Siow Kwee	247,500	54,450
Dino Company Limited	7,507,855	1,651,728
TOTAL	**15,012,855**	**3,302,828**

As disclosed at Section 6.6.1 above if these entitlements in full are not taken up or are threatened not to be taken up, the Underwriter may terminate its underwriting obligations.

(4) Unlisted Options exercisable at 72 cents each on or before 30 June 2009.
(5) Unlisted Options exercisable at $1.05 each on or before 30 November 2008.

Messrs Tennant and Seetoh and Ms Wolseley have also formally agreed to take up in full their Entitlements in the Issue comprising in total 2,985,100 New Shares (equating to $656,722).

6.12 Estimated Expenses of Issue

The expenses of the Issue (exclusive of GST) are estimated to be approximately $931,000 made up as follows:

Expenses	$
Underwriter's fees and costs	815,830
Legal	55,000
Printing, postage, share registry	12,000
ASX listing fees	19,000
Corporate consulting	26,000
Disbursements	3,170
Total estimated expenses	**931,000**

7.0 DIRECTORS' STATEMENT

This Prospectus is issued by OM Holdings Limited. Its issue was authorised by a resolution of Directors and is signed by William Ross Mackenzie on behalf of all Directors.

William Ross Mackenzie
Director

30 March 2007

8.0 DEFINITIONS

In this Prospectus the following terms and abbreviations have the following meanings, unless otherwise stated or unless the context otherwise requires:

$ or AUD Australian dollar.

Al Aluminium.

Annual Report the 31 December 2005 Annual Report of the Company as lodged with ASIC and ASX.

Applicant A person who submits an Entitlement and Acceptance Form.

Application Money Money received from Applicants in respect of their Applications.

Application Price 22 cents per New Share.

ASIC Australian Securities and Investments Commission.

ASX ASX Limited (ACN 008 624 691).

Bank the Commonwealth Bank of Australia (ACN 123 123 124).

Ba Barium.

Board The Directors of the Company from time to time.

Bootu Creek Project The Bootu Creek Manganese Mine located 110 km north of Tennant Creek in the Northern Territory, Australia, wholly-owned by OM (Manganese) Ltd, the wholly-owned Australian subsidiary of the Company.

Business Day Has the meaning ascribed to it in the ASX Listing Rules.

Bye-laws The Bye-laws of the Company.

CHESS Clearing House Electronic Subregister System.

CIF Cost, Insurance and Freight.

Closing Date Tuesday 1 May 2007 (subject to the right of the Directors to extend this date without notice).

Company or **OMH** OM Holdings Limited (ARBN 081 028 337).

Corporations Act *Corporations Act* 2001 (Cth).

Directors The Directors of the Company in office at the date of this Prospectus.

dmtu Dry metric tonne unit.

Eligible Shareholder A Shareholder of the Company, as at the Record Date, other than a Non-Qualifying Foreign Shareholder.

Entitlement The offer of New Shares pursuant to the Issue.

Entitlements Issue means the issue pursuant to the Prospectus of 74,166,358 New Shares on the basis of one New Share for every two Shares held on the Record Date at an issue price of 22 cents per New Share to raise approximately $16.3 million.

Entitlement and Acceptance Form The Entitlement and Acceptance Form accompanying this Prospectus that sets out the Entitlements of Shareholders to subscribe for New Shares pursuant to the Issue.

Fe Iron.

FOB Free on board.

Force Majeure Any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties.

Group OMH and all its subsidiary companies including OMM, OMS and OMQ.

H Hydrogen.

Indicated Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource, but has a higher level of confidence than that applying to an Inferred Mineral Resource.

Inferred Mineral Resource is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

Issue The offer of New Shares pursuant to this Prospectus.

K Potassium.

Km kilometres.

Listing Rules The Listing Rules of ASX.

M Million.

Measured Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

Mineral Resource is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

Mn Manganese.

MVA Mega Volt-Amps.

Na Sodium.

New Shares Shares to be issued under this Prospectus.

New Standstill Agreement the agreement reached in principle between the Company, OMM and the Bank regarding the financing facilities provided by the Bank to OMM in connection with the Bootu Creek Project as is described in Section 6.6.2 of this Prospectus.

Non-Qualifying Foreign Shareholder A Shareholder, as at the Record Date, whose registered address is not situated in Australia, New Zealand, the United Kingdom, Hong Kong, the People's Republic of China or Singapore.

O Oxygen.

Offer The non-renounceable pro rata issue pursuant to this Prospectus by the Company of 1 New Share for 2 Shares at an issue price of 22 cents per New Share.

OMH OM Holdings Limited (ARBN 081 028 337).

OMM OM (Manganese) Ltd (ACN 097 091 506) a wholly-owned Australian subsidiary of the Company.

OMQ OM Materials (Qinzhou) Company Ltd – a wholly owned Chinese subsidiary of the Company.

OMS OM Materials (S) Pte Ltd – a wholly owned Singapore subsidiary of the Company.

Option An option to subscribe for a Share.

Probable Ore Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors These assessments demonstrate at the time of reporting that extraction could reasonably be justified. A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

Prospectus This Prospectus.

Proved Ore Reserve is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

Record Date Wednesday 11 April 2007.

Rectification Program the final rectification program in respect of the Bootu Creek Project as agreed by the Bank.

Revised Life of Mine Plan The revised life of mine plan formulated following independent Resource reviews and pit optimisation studies of the Bootu Creek Project (as disclosed at Section 3.2.3).

ROM Run of Mine.

Securities Shares and Options in the capital of the Company.

Share Registry Computershare Investor Services Pty Limited.

Share Fully paid ordinary share in the capital of the Company and "**Shareholder**" has a corresponding meaning.

Shortfall Shares New Shares for which successful valid applications have not been received by the Closing Date.

TFE Territory Iron Limited (ACN 100 552 118).

Underwriter Euroz Securities Limited (ACN 089 314 983).

Underwriting Agreement An agreement dated 2 March 2007 (as amended on 28 March 2007) between OMH and the Underwriter.

US$ or USD United States dollar.

References in this Prospectus to Sections are to sections of this Prospectus.

CORPORATE DIRECTORY

DIRECTORS

Mr Yeo Wee Kiong
(Non-Executive Chairman)

Mr Low Ngee Tong
(Chief Executive Officer)

Ms Heng Siow Kwee

Mr Trevor Tennant

Mr Seetoh Kwok Weng

Ms Julie-Anne Wolseley

Mr William Mackenzie

COMPANY SECRETARIES

Ms Heng Siow Kwee
Ms Julie-Anne Wolseley

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND POSTAL ADDRESS

#08-08 Parkway Parade
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Singapore 449269
Telephone: (65) 6346 5515
Facsimile: (65) 6342 2242
Email: om@ommaterials.com

WEBSITE

www.omholdingsltd.com

UNDERWRITER

Euroz Securities Limited
Level 14
The Quadrant
1 William Street
Perth, Western Australia 6000

SOLICITORS TO THE COMPANY

Salter Power
Level 2, 6 Kings Park Road
West Perth, Western Australia 6005

AUDITORS

Foo Kon Tan Grant Thornton
Certified Public Accountants
47 Hill Street #05-01
Chinese Chamber of Commerce
& Industry Building
Singapore 179365

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2
Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000
Telephone: (618) 9323 2000
Facsimile: (618) 9323 2033

ASX Code: OMH

ARBN: 081 028 337