



Media Release

ASX: OMH

22 October 2009

OMH'S OUTSTANDING QUARTER: RECORD MANGANESE PRODUCTION & SALES, LOWER COSTS AND A COMPANY-TRANSFORMING DEAL

Further production increases and more cost reductions to come

OM HOLDINGS LIMITED

(ARBN 081 028 337)

ASX code: OMH

Share price: A\$1.90
(at close of trade on 21 October 2009)

Market capitalisation: ~A\$932M

Ordinary shares on issue: 490.7M

Unlisted options on issue: 58.6M

Board

Executive Chairman
Mr Low Ngee Tong

Executive Director, CEO
Mr Peter Toth

Executive Director, CFO
Mr Ong Beng Chong

Non Executive Director
Ms Julie Anne Wolseley

Non Executive Director
Mr Tan Peng Chin

Non Executive Director
Mr Wong Fong Fui

Non Executive Director
Mr Thomas Teo Liang Huat

Top Shareholders

Board/Management	23%
HSBC Custody Nom.	12%
Stratford Sun Limited	12%
Strategic Partners	10%
Zero Nominees Pty Ltd	6%
Top 20 Shareholders	83%

HIGHLIGHTS

- Flagship Bootu Creek manganese mine in the Northern Territory sets another production record as benefits of the new operating strategy continue to flow through
- All-time quarterly production record of 205,372 tonnes at 39.4% Mn and all-time monthly record production of 77,398 tonnes at 39.2% Mn in July
- Production performance represents a 25% increase in tonnages and a 31% jump in manganese unit production compared with the previous quarter
- Benefits of new strategy also seen in sharply falling costs, with July C1 monthly cost of A\$3.20/dmtu being the lowest in the mine's recent history while Q3 2009 C1 cost of A\$3.80/dmtu was a 20% reduction over Q2 2009 and a 44% fall from Q1 2009
- Continued strong production performance is expected in Q4 2009 with production forecast to be 70,000 tonnes a month at 38% Mn
- Shipping and sales total expected to reach 240,000 tonnes in Q4 2009, up from 185,385 tonnes in September quarter
- Costs set to fall further as production grows and recoveries and yields continue to improve
- Bootu Creek resource upgrade expected by end of December 2009 with Bootu Creek's Secondary Processing Plant, progressing on time and on budget for Q4 2009 commissioning
- Sales from Qinzhou smelter hit 10,527 tonnes, a threefold increase from June quarter
- OMH secures A\$294m deal to acquire a major interest in South Africa's world-class Tshipi manganese project, putting it on track to become one of the world's largest independent manganese companies

OM Holdings Limited (ASX Code: OMH), the global mining and metals marketing group, has posted an outstanding quarterly result featuring record production and sharply lower costs as it reaps the benefits of the new operating strategy implemented earlier this year.

Less than a month after unveiling its plan to become one of the world's largest manganese companies through the A\$294 million proposed acquisition of a major interest in a South African manganese project, OMH revealed today that production at its Bootu Creek project in the Northern Territory hit a record 205,372 tonnes at 39.4% Mn in the September quarter. July posted a record monthly production result of 77,398 tonnes at 39.2% Mn.

The quarterly production result was up 25% compared with the previous three months, highlighting the gains generated by the implementation of OMH's revised production and marketing strategy which has delivered improvements in the mine's capacity, yield, recovery and cost performance.

And the news is set to get even better, with the Company foreshadowing further rises in production to 70,000 tonnes a month at 38% Mn in the current quarter. It said OMM shipping and sales were also expected to reach 240,000 tonnes this quarter, up from 185,385 tonnes in the September quarter.

The operational achievements were contained in OMH's September Quarterly Report, which was released to the ASX today.

The report revealed that OMM's C1 costs fell to \$A3.80/dmtu in the September quarter, a fall of 20% from the June quarter and a 44% fall from the March quarter. In July, the C1 monthly cost fell to A\$3.20/dmtu, the lowest in the recent history of Bootu Creek.

OMH Chief Executive Officer, Peter Toth said the outstanding results reflected the successful implementation of OMH's previously announced production and marketing strategy. The new production strategy is focused on extracting maximum value from Bootu Creek's inherent production flexibility by developing the capability to produce a range of products from 35 to 42% Mn. The flexible production output is designed to enable the Company to implement different production strategies for different market conditions.

"The production and cost performance of OMM during the quarter continues to confirm that we are on the right track with our revised production and marketing strategy," Mr Toth said. "Bootu Creek continues to achieve improvements in the mine's capacity, yield, recovery and cost performance."

OMH said commissioning of the Bootu Creek Secondary Processing Plant was on target to be completed this quarter. This will enable total manganese ore production to reach close to 1 million tonnes heading into 2010.

OMH also reported today that its 100% owned Qinzhou smelter in China recorded sales of 10,527 tonnes of High Carbon Ferro Manganese in the September quarter – a threefold increase on the June quarter – on the back of growing demand and restocking by major steel companies.

The construction of a new sinter ore plant is on budget and scheduled to be commissioned at the end of this calendar year. The smelter benefited during the quarter from rising prices and growing demand, enabling it to record a solid operating profit and cash flow.

In addition to the 185,385 tonnes shipped and sold from the Bootu Creek operation, the Singapore based marketing operation also sold 55,501 tonnes of third party product. The marketing division reported higher ore prices of up to A\$6.50/dmtu CFR China in the quarter. It noted that prices for the rest of 2009 were expected to stay around the A\$6/dmtu CFR China level due to continued strong ore and alloy demand from China.

OMH noted that an important change in pricing dynamics had occurred in the market during the quarter, with major high-grade producers switching from a quarterly to a monthly pricing approach. OMH said this would create a more accurate pricing mechanism reflecting the prevailing supply and demand situation.

"The strong operating profit contribution from our Qinzhou smelter during the quarter demonstrated the benefits of the relentless focus on costs, efficiencies and customer relationships," Mr Toth said.

"Both of our organic growth projects, the Bootu Creek Secondary Processing Plant and the Qinzhou sinter ore plant, are on track for Q4 2009 commissioning. I have no doubt 2010 will be an exciting year in terms of our fully optimised production capability from Bootu Creek together with the introduction of high-grade sinter ore into our product suite."

At the end of the quarter, OMH revealed it had secured a A\$294 million deal to acquire a major interest in South Africa's world-class Tshipi Kalahari Manganese project. The deal, which is subject to full due diligence, shareholder approval and various legal and regulatory approvals, will see OMH acquire a 49.9% interest in the Tshipi project from five co-investors (including Pallinghurst Resources Limited), in return for issuing the co-investors 139.9 million OMH shares. Pallinghurst chairman Brian Gilbertson will join the OMH board as non-executive deputy chairman.

OMH will also acquire a 20% interest in Ntsimbintle Mining, which owns the remaining 50.1% of the Tshipi project, for A\$49.2 million.

Mr Toth said the Tshipi transaction represented a major step in the execution of OMH's growth strategy.

"The proposed transaction will propel OMH into the league of leading manganese producers with a diversified, long-life, high-grade and low cost ore resource supported by full participation across the entire manganese value chain, including the China-focused marketing and distribution network.

"As we embark on the development of the Tshipi project, we remain laser-focused on extracting maximum value from our existing operating assets which continue to have the potential to be further expanded."

- ENDS -

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BACKGROUND PROFILE OF OM HOLDINGS LIMITED

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

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

Bootu Creek has the capacity to produce over 800,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 3,326 km².

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

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

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

Forward-Looking Statements

This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of OM Holdings Limited, which could cause actual results to differ materially from such statements. OM Holdings Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.