



Media Release

ASX: OMH

14 October 2008

OMH GROUP ON TRACK FOR RECORD 2008 RESULT FOLLOWING STRONG SEPTEMBER QUARTER PERFORMANCE

COMPANY WELL PLACED DESPITE UNCERTAIN AND VOLATILE OUTLOOK FOR STEEL MARKET IN Q4 2008

OM HOLDINGS LIMITED

(ARBN 081 028 337)

ASX code: OMH
Share price: A\$1.26
(at close of trade on 13 October 2008)
Market capitalisation: ~A\$600M
Ordinary shares on issue: 475M
Unlisted options on issue: 19.1M

Board

Executive Chairman
Mr Low Ngee Tong

Director, CEO
Mr Peter Toth

Executive Director, CFO
Mr Ong Beng Chong

Non Executive Director
Ms Julie Anne Wolseley

Non Executive Director
Mr John Raubenheimer

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	22%
HSBC Custody Nom.	14%
Strategic Partners	10%
Zero Nominees Pty Ltd	8%
Top 20 Shareholders	78%

HIGHLIGHTS

- **Strong September 2008 quarterly financial performance reported by all business units.**
- **Record financial & operating results expected for 2008 calendar year.**
- **Consolidated cash reserves of A\$138M (including cash collateral of A\$4.5M) as at 30 September 2008, with no material debt.**
- **Strong quarterly performance by the Bootu Creek Manganese Mine, Northern Territory:**
 - Quarterly manganese production of 182,738 tonnes @ 41.5% Mn
 - On track for annual production of 700,000 tonnes for 2008
 - Record seven shipments totalling 211,254 tonnes
 - Record surplus cash flows and 50% increase in mine profitability
 - Outstanding results from A\$10M exploration program confirming potential to significantly expand Mineral Resources
 - A\$12.6M rejects re-treatment project approved to increase production rate to 850,000tpa by mid-2009
- **Qinzhou Smelter, China:**
 - Production of 8,284 tonnes of High Carbon Ferro Manganese (HCFeMn) from one operating furnace
 - On track for annual production of 41,200 tonnes of HCFeMn
- **Uncertain and volatile outlook for steel and manganese market for the last Quarter of 2008 in terms of demand and pricing.**

Diversified commodity marketing, metals and mining house, OM Holdings Limited (ASX: OMH – “OMH”), said today it remains on track to deliver record financial and operating results for the full 2008 calendar year despite the uncertain and volatile outlook for the steel and manganese market for the last quarter.

OMH today (**Tuesday**) reported a strong September 2008 quarterly financial performance by all business units, with the Group benefiting from continued strong demand and historically high manganese ore and alloy prices during the period.

The Company's 100%-owned Bootu Creek Manganese Mine in the Northern Territory delivered another strong production performance with total production of 182,738 tonnes at an average grade of 41.5% Mn (up from 163,332 tonnes at 41.6% Mn from the previous quarter). Total production for the first three quarters of 2008 was 529,116 tonnes at an average grade of 41.8% Mn, with the mine on track to achieve its annualised production of 700,000 tonnes for the calendar year.

The Company's 100%-owned Qinzhou Smelter in Guangxi, China produced 8,284 tonnes of High Carbon Ferro Manganese (HCFeMn) from one operating furnace. The steady demand for HCFeMn in both domestic and export markets, together with record high prices during the Quarter, enabled the division to achieve a strong operating profit for the September 2008 Quarter, offset by higher raw materials costs.

OM Materials (S) Pte Ltd, the Singapore-based commodity marketing business, again delivered a strong operating performance. Manganese ore market prices during the Quarter were in line with the published quarterly benchmark of \$16.20/dmtu CIF China. HCFeMn market prices moved around US\$2,800/tonne FOB China while SiMn prices traded around US\$2,200 FOB China. Prices and demand for manganese ore remained stable during the September Quarter.

Commenting on the result, OMH's CEO, Mr Peter Toth, said: "The Company delivered another excellent quarterly production and financial result for the September 2008 Quarter, underpinned by strong manganese prices and demand. The Bootu Creek Manganese Mine achieved record financial performance, with the quarterly operating profit after tax more than 50% higher than that recorded in the previous quarter, driven by a combination of steady production and higher realised manganese prices."

"In recent weeks, we have seen a significant change in global markets as a result of the escalating financial crisis which has impacted on commodity markets across the board," he said. "The steel and manganese market outlook for the last Quarter of 2008 remains uncertain and volatile, both in terms of demand and pricing. The global financial crisis and resulting credit squeeze, combined with slowing economic activity, is underpinning short-term market volatility."

"Chinese demand for steelmaking raw materials, including manganese ore and alloys is expected to slow during the last quarter of the year, margins are being squeezed for steel and alloy makers and we have not yet seen any significant rebound in Chinese economic activity following the Golden Week Holidays and the Beijing Olympics."

"While we expect short term volatility to continue, we remain firm in our view that Chinese steel demand will remain strong in the medium to long term, underpinned by continued industrialisation, urbanisation and infrastructure spending," Mr Toth continued. "The expectation of a Chinese government economic and financial stimulus package, including an easing of credit, will assist in the short term recovery process."

Mr Toth said he expected high-grade ore producers such as OMH with favourable VIU (value in use) product characteristics and logistics for the Chinese market to be well placed despite a short-term slowdown in demand for manganese ore. "We will also continue to be well placed even under moderate Chinese GDP growth conditions," he added.

"Our growth strategy for the remainder of 2008 and 2009 will focus on executing the organic expansion opportunities at our Australian and Chinese operations, while continuing to seek out new business development and growth opportunities internationally."

"We will also continue to selectively assess quality strategic acquisition opportunities that fit with our long-term growth strategy and have the potential to add significant value to shareholders," Mr Toth said. "The Group's strong balance sheet and cash position – A\$119 million at 30 September 2008 – and cash flow generation capability places us in a very favourable position to deliver on both our organic and inorganic growth ambitions."

The Bootu Creek operation remains ideally placed to benefit from the strong market, in that it has a number of medium term expansion opportunities and is not constrained by either rail or port logistics, unlike other high-grade manganese operations based in Australia, South Africa, Gabon and Brazil. In addition, the project can continue to leverage off the logistical advantage of reduced shipping distances and relative costs from Australia to China, unlike many of its peers.

In terms of organic growth opportunities, OMH's Board during the Quarter approved an expansion opportunity based around the value-added benefit of crushing and re-processing lump rejects from the Heavy Media drum plant to produce a marketable product. The installation of this A\$12.6 million plant will increase production from Bootu Creek to around 850,000tpa by mid-2009. In addition, OMH reported on further encouraging results from its A\$10 million exploration program at Bootu Creek, with results to date confirming the potential to significantly expand the Mineral Resource inventory in early 2009.

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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 up to 700,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 3,364 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 manganese supplier to the Chinese market. Product from Bootu Creek has strengthened OMH’s position in this market.

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.