

OM HOLDINGS LIMITED
(ARBN 081 028 337)



Delivered by Facsimile: (08) 9221 2020 and email

16 December 2008

Mr Wade Baggott
Adviser, Issuers (Perth)
ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Wade

OM HOLDINGS LIMITED

We refer to your letter of 16 December 2008 in relation to the announcement which included reference to the lack of manganese product shipments during October and November 2008 in response to weak market conditions.

In relation to the specific enquiries you have raised we comment as follows:

1. *When did the Company become aware of the "Suspension of Shipping"*

The Company has not at any time suspended shipping in the conventional meaning of the term.

The Company's process of negotiating and securing the sales of its manganese product shipments is on a shipment by shipment basis.

At all times, the Company seeks to maximise its returns and this can mean that shipments occur on an irregular basis. Where there is an opportunity to sell product on a favourable basis, there is an increase in shipments. At a time when commercial opportunities are weaker, the Company will hold back shipments. This has been the case for several years. For example, in October 2008 shipment was brought forward to the September 2008 quarter to take advantage of strong demand at that time.

Essentially, the Company ships depending on market circumstances, shipping at times that best suits the Company's commercial objectives.

Negotiations with customers take into consideration a number of factors including the quarterly benchmark price, product specifications and the satisfaction of relevant spot and longer term contracts.

The negotiations in October and November 2008 followed the commercial convention for all manganese product shipments.

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A series of confidential meetings were held by the Company's marketing representatives and customers in good faith so as to reach a mutually acceptable arms length pricing outcome for Q4 2008 product shipments. These negotiations took into account Chinese manganese demand and supply fundamentals, the quantity and quality of smelter and port stockpiles and an appropriate market clearing price. As indicated in its September 2008 Quarterly report, demand for manganese product was expected to be volatile during the December 2008 quarter.

During the negotiations it was evident that the strong manganese product pricing the Company had secured throughout Q3 2008 or the slightly higher benchmark price for Q4 2008 may not be achieved for October and November 2008. This was as a result of the weaker short term manganese demand triggered by the impact of the global financial crisis on Chinese steel production.

At no point during this period, did the Company decide to unilaterally suspend all product shipments irrespective of pricing agreements, stop price negotiations or was advised by customers of no cargo requirement at "any price".

As such, the Company continued to seek to secure pricing agreements so as to ship during Q4 2008 in accordance with its marketing program following completion of these negotiations. During this period the Company's manganese production was not curtailed on the expectation that shipping activities would resume in December 2008.

Hence, a prudent determination was made to defer the relevant manganese product shipments until the month of December 2008 with the expectation that market conditions would improve, underpinned by a correction to the impasse between the quarterly benchmark price and prevailing market conditions.

However, at the end of last week the Company's marketing representatives formed the conclusion that a mutually acceptable price outcome for the Q4 2008 quarter was unlikely due to the continued weaker market conditions.

The Board considered it was in the Company's best interests to suspend the entire Q4 2008 manganese product shipments into 2009 and to continue to monitor the Chinese market demand with the expectation that inventory stockpiles located at various Chinese smelters and ports will be depleted and a more transparent market price will return the market in Q1 2009.

At the time the decision was made to suspend the product shipments, the Company was also in a position to appropriately assess the alternatives, the impact (both operationally and financially) and materiality of the suspension and an announcement to the market was accordingly made.

2. ***If the answer to question 1 is a date earlier than the date of the Announcement, does the Company believe that the Information contained in the Announcement, and specifically, the Suspension of Shipping, was material.***

Not applicable.

3. ***If the answer to question 2 is "yes" please advise on what basis the information was not released to the market immediately.***

Not applicable.



4. ***If the answer to question 2 is "no", please advise the basis on which the Company does not consider the information in the Announcement to be material.***

The Company made an announcement as soon as it concluded that no product shipments would be made for the December 2008 Quarter. At the end of last week, the Company thoroughly assessed its alternatives prior to deciding upon the ultimate suspension of manganese product shipments related to Q4 2008.

At that time, relevant factors related to the Company's operational, marketing and financial position were evaluated and the impact assessed. Accordingly, the Company made its disclosure to the market in accordance with its continuous disclosure obligations.

5. ***Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.***

The Company confirms that it is in compliance with the ASX Listing Rules and, in particular, Listing Rule 3.1.

Yours faithfully
OM HOLDINGS LIMITED

A handwritten signature in black ink, appearing to read 'Peter Toth'.

Peter Toth
Chief Executive Officer

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16 December 2008

Peter Toth
Director
OM Holdings Limited
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SINGAPORE 449269

By email: petertoth@ommaterials.com

Dear Peter,

OM Holdings Limited

ASX Limited ("ASX") refers to the announcement by OM Holdings Limited ("the Company") dated 15 December 2008 titled "Operational, Marketing and Production Update" (the "Announcement").

The Announcement states that OM (Manganese) Ltd suspended manganese product shipments during October and November 2008 in response to weak market conditions ("Suspension of Shipping").

Continuous Disclosure

ASX listing rule 3.1 requires an entity to disclose immediately to the ASX any information that it is aware of concerning itself that a reasonable person would expect to have a material effect on the price or value of its securities.

We wish to draw your attention to the definition of "aware" in Chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity".

Furthermore, paragraph 18 of Guidance Note 8 - "Continuous Disclosure" states:

"Once a director or executive becomes aware of information, he or she must immediately consider whether that information should be given to the ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

The exceptions to this requirement are set out in listing rule 3.1A provided each of the following are satisfied:

3.1A.1 A reasonable person would not expect the information to be disclosed.

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.

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3.1A.3 One or more of the following applies:

- *It would be a breach of the law to disclose the information.*
- *The information concerns an incomplete proposal or negotiation.*
- *The information comprises matters of supposition or insufficiently definite to warrant disclosure.*
- *The information is generated for internal management purposes of the entity.*
- *The information is a trade secret."*

Having regard to listing rule 3.1, *Guidance Note 8 - "Continuous Disclosure"*, ASX requires the Company to respond to the following questions.

1. When did the Company become aware of the "Suspension of Shipping"?
2. If the answer to question 1 is a date earlier than the date of the Announcement, does the Company believe that the information contained in the Announcement, and specifically, the Suspension of Shipping, was material.
3. If the answer to question 2 is "yes" please advise on what basis the information was not released to the market immediately.
4. If the answer to question 2 is "no", please advise the basis on which the Company does not consider the information in the Announcement to be material.
5. Please confirm that the Company is in compliance with listing rule 3.1.

Unless the information is required to be immediately released under listing rule 3.1, the response to this letter is required by no later than **3:00pm W.D.S.T on Tuesday 16 December 2008**.

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

Please also note the Company's response should be sent to me by facsimile to (08) 9221 2020. It should not be sent to Company Announcements Office.

The ASX reserves all its rights and remedies in relation to this matter.

If you have any concerns regarding the contents of this letter, please contact me on (08) 9224 0023.

Yours faithfully



Wade Baggott
Adviser, Issuers (Perth)