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Media Release ASX: OMH 27 May 2009

OMH CONFIRMS NEW MANGANESE PRODUCTION STRATEGY

PRODUCTION FLEXIBILITY UNDERPINS EXPANDED PRODUCT RANGE FOR NEW MARKET OPPORTUNITIES

OM HOLDINGS LIMITED
(ARBN 081 028 337)

ASX code: OMH

Share price: A$1.24
(at close of trade on 26 May 2009)

Market capitalisation: ~A$602M

Ordinary shares on issue: 485.76M
Unlisted options on issue: 63.6M

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%
Stratford Sun Limited	12%
Strategic Partners	10%
Zero Nominees Pty Ltd	7%
Top 20 Shareholders	82%

HIGHLIGHTS

- **Aggressive, fully expensed pre-strip and ROM building activities are being successfully undertaken during 1H 2009 at Bootu Creek**
- **New market opportunities targeted and identified in the Chinese 35-40% Mn grade segments for high value-in-use products**
- **Laser focus on extracting maximum value from the Mineral Resource by aligning operating capability with the appropriate production strategy for the prevailing market conditions**
- **C1 unit cash operating costs forecast to fall to ~A$3.50/dmtu for the months of May and June 2009**
- **A$13M rejects re-treatment plant and US$18M sinter ore plant in China are key components of delivering the strategy**
- **All resolutions passed at OMH's AGM except the proposal to elect a Consolidated Minerals nominee to the OMH Board**

Diversified commodity marketing, metals and mining house OM Holdings Limited (ASX: OMH – "OMH") has outlined further details of a significant new production strategy for its Australian manganese operations at Bootu Creek in the Northern Territory.

The new production strategy is based on its new Mineral Resource and operating mine plan, achieving production of 35-40% Mn grade unique high value-in-use products in response to prevailing market conditions, combined with the ability to achieve greater operational flexibility and drive lower operating costs.

At the Company's Annual General Meeting in Singapore yesterday (Tuesday, 26 May), OMH CEO Peter Toth outlined the Company's new operating strategy which centred on five key components, namely:

- continued focus on safety;
- aggressive pre-stripping and ROM stockpile building during H1 2009;
- capitalising on the identification of new market segment opportunities for OMM products in the Chinese market;
- beneficiation of low grade ore stockpiles during April and May 2009; and
- implementation of a longer term production strategy further attuned to flexibility and responsiveness to market conditions with effect from June 2009.

Mr Toth noted a significant improvement in the safety performance of the Bootu Creek mine since September 2008, with the operation achieving a more than 50% improvement in its total recordable injury frequency rate.

He said the Company's focus at Bootu Creek was on aggressive, fully expensed pre-strip and run-of-mine (ROM) stockpile building activities during the first half of 2009 to enable the new production strategy to be fully implemented from June 2009 onwards.

"This is in response to new market opportunities we have identified in the Chinese market as a result of drastically changing market dynamics in the current environment," Mr Toth told shareholders at the AGM.

"This changing environment is the result of the interaction of a complex set of factors in the manganese market, including changing ore consumption and blending dynamics and the fact that many higher cost, low grade Chinese domestic and marginal seaborne ore producers are not economic and are ceasing production at current prices," he continued.

"While our traditional production strategy has focused on the delivery of 42% Mn product, the new market opportunities in China which we have identified are in the 35-38% Mn and 38-40% Mn product segments, for products with unique high value-in-use characteristics around specific Mn, Fe and SiO_2 ratios. Our own and customer product trials for these new products have been undertaken with excellent results and we have shipped in May the first trial cargo of 35-38% Mn grade product which was sold at a premium to the existing benchmark price.

"In total, the Company expects to make a total of six shipments during Q2 2009 which will include a mixture of 42%, 35-38% and 38-40% Mn grades," Mr Toth said.

"This is what is driving a significant re-alignment of our production strategy including the execution of previously announced initiatives such as the A$13 million rejects re-treatment plant currently under construction at Bootu Creek which will enable us to extract additional value from existing stockpiles of low-grade ROM which have not previously been used. This material will be upgraded to a saleable 35% Mn product for which we believe there is a significant market niche emerging in the Chinese alloy and steel industry; in addition to being the perfect sinter feed material."

"As a result of the recent Mineral Resource/Ore Reserve increase and a very comprehensive process centred around the design and implementation of a new mining plan at Bootu Creek, we are developing a capability to maximise value around an inherent production flexibility which enables us to match the lowest cost production options to prevailing market conditions," Mr Toth said.

As part of the new production strategy, OMH is building its high-grade ROM inventory to around 500,000+ tonnes by June 2009, while processing low grade ROM stocks to produce 35-38% Mn grade products during April and May. This will be followed by a switch to processing high grade ROM into a 38% Mn grade product from June 2009 onwards. C1 unit production costs are forecast to be around A$3.50/dmtu during May and June.

Mr Toth said this would largely be driven by the new optimised Bootu Creek mine plan developed for 2009/10 which is focused on ensuring maximum production flexibility and lowest cost production scenarios centred on grade, yield and metal recovery targets.

"Once implemented from June onwards, the new production strategy will enable us to extract maximum value from Bootu Creek's inherent production flexibility – allowing us to align our business with the prevailing market to deliver a low-cost, high yield, high value-in-use products."

The internally funded A$13 million rejects re-treatment plant at Bootu Creek and the new US$18 million sinter ore plant currently under construction at the Company's 100%-owned Qinzhou Smelter in Guangxi, China represent key components of the new production strategy.

The rejects re-treatment plant is scheduled to be commissioned in October 2009 and will increase the overall production capacity at Bootu Creek by 150,000tpa to 850,000tpa, producing a 35% Mn grade product. The 300,000tpa sinter ore plant, which is scheduled to be commissioned in the December 2009 Quarter, will provide value added services to fines ore from Bootu Creek, supply much needed sinter product to the Company's own smelter and make sinter product available for sale into the Chinese market.

Mr Toth said the Company's longer term strategy remained the positioning of OMH as a diversified steelmaking raw materials producer through a combination of organic growth options being pursued at Bootu Creek and the OMQ sinter ore plant, new business development initiatives, and M&A and strategic investment opportunities being considered and evaluated.

Annual General Meeting Results

OMH also confirms that all resolutions were passed at the Company's Annual General Meeting in Singapore yesterday, except the proposal which was considered to elect a nominee of shareholder Stratford Sun Limited (a company controlled by Consolidated Minerals Limited ("ConsMin")), to the OMH Board as a non-executive Director.

The resolution to seek to approve the appointment of the Stratford Sun Limited's nominee was rejected on a poll conducted with 316,594,230 votes cast "Against" the resolution.(representing 82.7% of the total votes cast) compared to 66,443,378 votes cast "For" the resolution (representing 17.3% of the total votes cast).

Mr Toth thanked shareholders for their support, noting the key reasons put forward for the Company's opposition to this proposal. "As previously announced, ConsMin is a recognised direct competitor to OMH and it specifically competes with OMH in fundamental operational areas – most importantly in the marketing and trading of manganese ore and alloy products, specifically in the key Chinese manganese ore and Asian manganese alloy markets."

"The Board believes that, if a ConsMin representative was to be appointed to the OMH Board, it would be impossible to manage these conflicts without fundamentally changing the nature of information presented to and discussed by the OMH Board, thereby substantially hindering the effective and efficient management of the Company."

"This is an appropriate outcome which is in the best interests of all shareholders. Having said that, we look forward to continuing to work with Stratford Sun, and our other major shareholders, towards the continued growth and development of OMH into the future," he added.

- 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 up to 700,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 3,355 km^2.

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.