

OM HOLDINGS LIMITED

(ARBN 081 028 337)



No. of Pages Lodged: 11

28 July 2009

Company Announcements Office
ASX Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

JUNE 2009 QUARTERLY MARKET UPDATE

The Board of OM Holdings Limited ("OMH" or "the Company") is pleased to provide the following market update.

HIGHLIGHTS

OMM (100%, Bootu Creek, Australia)

OPERATING PERFORMANCE

- The new Bootu Creek production strategy has been successfully implemented with the stated objective of achieving maximum production flexibility in line with changing market dynamics - in order to achieve material improvements in the mine's capacity, yield, recovery and cost performance.
- The aggressive mining program continued throughout Q2 2009 and resulted in nearly 3 million bcms mined, underpinning the strategy of building the mine's ROM stockpiles to support maximum production flexibility and performance. All mining costs continue to be fully expensed.
- All time record June monthly production of 77,083 tonnes grading 38.8% Mn. Strong quarterly manganese production of 164,034 tonnes grading 37.6% Mn. This production performance represents an increase of 74% compared to Q1 2009.
- June C1 monthly cost of A\$3.22/dmtu the lowest in the mine's recent history, and is expected to be sustainable going forward. Q2 2009 C1 cost of A\$4.78/dmtu, being a 30% reduction over Q1 2009.
- Bootu Creek Rejects Re-Treatment Plant project progressing on time and on budget for Q4 2009 commissioning.
- Near record ore shipments of 210,428 wet tonnes during the June 2009 Quarter, demonstrating the success of the new production and marketing strategy. The outstanding value-in-use characteristics and technical marketing efforts behind the 38% Mn product have enabled it to be priced at a premium to the prevailing Q2 2009 benchmark.
- The new production strategy provides a sustainable platform to maintain and continuously improve the mine's product yield, metal recovery and cost performance during the second half of 2009 and throughout 2010.
- H2 2009 production plan is now based on 70,000 tonnes per month of 38% Mn grade product. H2 2009 shipping and sales performance is expected to remain strong in an improving demand and market price environment.

For personal use only



QINZHOU SMELTER (100%, Guangxi, China)

- June 2009 Quarterly production of 6,279 tonnes of High Carbon Ferro Manganese (“HCFeMn”) from one operating furnace. Remodification and furnace re-lining work completed during the month of June.
- Sales of 3,359 tonnes of HCFeMn were achieved in the June 2009 Quarter. July OMQ alloys sales of in excess of 7,000 tonnes support the view of strengthening demand and alloy re-stocking by major steel companies in anticipation of strong Q3 2009 production levels.
- New sinter ore plant construction progressing on schedule and on budget with commissioning at the end of the fourth quarter of 2009.
- The smelter remained operational and cash positive during the difficult market environment of the first half of calendar 2009 and will benefit from the improving demand and pricing environments for the second half of the year.

MARKET OUTLOOK

- In terms of manganese demand, strong Chinese long product production continues to underpin solid Silico Manganese (SiMn) alloy consumption which is in turn supporting siliceous high grade manganese ore consumption.
- The changing market dynamics of the Chinese manganese ore market continue to revolve around the interaction between domestic and imported ores, high grade and low grade ores and between siliceous and metallurgical ores. The market segment of ‘*imported high grade siliceous ore*’ continues to perform strongly and underpin the competitive advantage of only a handful of high grade siliceous ore producers, including OMH’s Bootu Creek product.
- OMS’ July ex stock (June shipment) ore sales were priced at the US\$4.75/dmtu ex Qinzhou level. Current market conditions indicate that the ore price will continue to moderately increase during the remainder of Q3 2009, driven by strong market fundamentals.
- While a considerable percentage of Chinese domestic ore supply remains uneconomic, the risk of Q3 and Q4 2009 high grade ore prices increasing sharply beyond the supply/demand price equilibrium will be influenced by:
 - the speed and extent of traders’ stock being released into the market;
 - the supply strategies of major producers; and
 - the purchasing patterns of major customers.

CORPORATE

- OMS awarded the Global Trader Programme Incentive for a further five year period from 1 July 2009. The award recognises OMS’ role in facilitating international trade based in Singapore and as a result OMS will continue to receive a concessionary rate of tax for income derived from qualifying trading transactions of approved products.
- All forward exchange contracts were settled during Q2 2009, and OMM now operates fully unhedged.
- All three key business units generated operating cash flows for Q2 2009.
- Acquired 10% interest on market in ASX listed Shaw River Resources Limited, a manganese explorer in Western Australia, with the Company now the second largest shareholder.



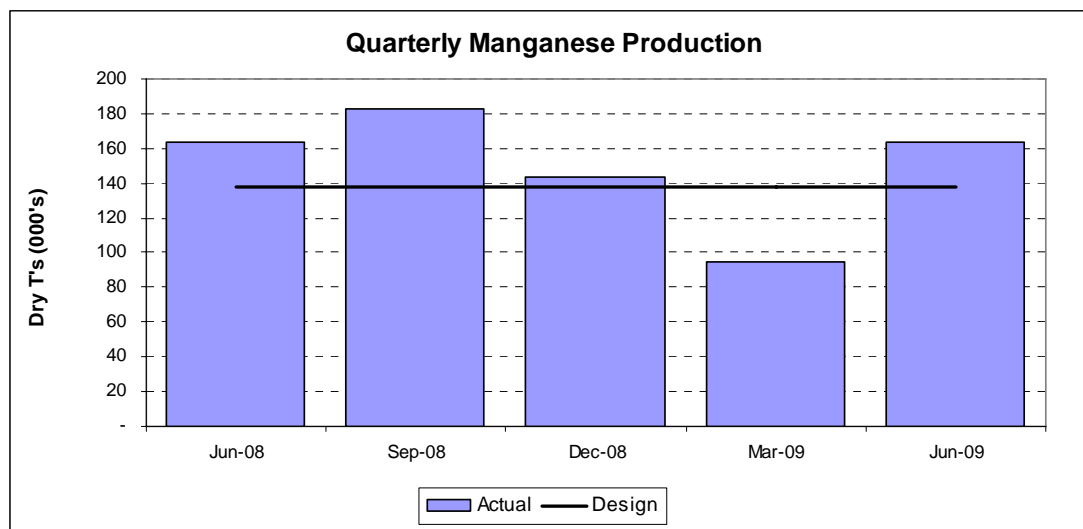
**OM (MANGANESE) LTD (“OMM”)
BOOTU CREEK MANGANESE MINE (100%, Northern Territory, Australia)**

Production from the Bootu Creek Manganese Mine for the June 2009 Quarter is summarised below:

	Unit	June 2009 Quarter	FYTD 2009	Mar 2009 Quarter	June 2008 Quarter
Mining					
Total Material Mined	BCMs	2,967,301	5,442,968	2,475,667	2,510,409
Ore Mined – tonnes	dt	595,764	981,348	385,584	513,254
Ore Mined – Mn grade	%	23.41	23.16	22.78	23.70
Production					
Lumps – tonnes	dt	136,390	208,445	72,055	121,128
Lumps – Mn grade	%	36.64	37.74	39.81	41.52
Fines – tonnes	dt	27,644	50,081	22,437	42,204
Fines – Mn grade	%	42.27	42.27	42.26	41.91
Total Production – tonnes	dt	164,034	258,526	94,492	163,332
Total Production – Mn grade	%	37.59	38.61	40.40	41.62
Sales					
Lumps – tonnes	dt	172,287	292,735	120,448	140,800
Lumps – Mn grade	%	38.54	39.76	41.50	42.45
Fines – tonnes	dt	28,685	70,915	42,230	22,244
Fines – Mn grade	%	42.40	42.31	42.25	42.45
Total Sales – tonnes	dt	200,972	363,650	162,678	163,044
Total Sales – Mn grade	%	39.09	40.26	41.69	42.45

The Bootu Creek Manganese Mine delivered production of 164,034 tonnes at an average grade of 37.6% Mn in the June 2009 Quarter, which included the record June monthly production of 77,083 tonnes at 38.8% Mn.

A revised production strategy was implemented during Q2 2009 which focused upon extracting maximum value from Bootu Creek’s inherent production flexibility and optionality to align with the prevailing market demand and attractive product value-in-use characteristics. The strategy included the production of a range of manganese grade products with a product suite from 35 to 42% Mn with specific silica and iron contents. The flexible production output aimed to enable OMM to pursue different production strategies for different market conditions, and to maximise product yield and metal recovery performance from each variation in ore grade and quality while maintaining a high value-in-use product for customers.



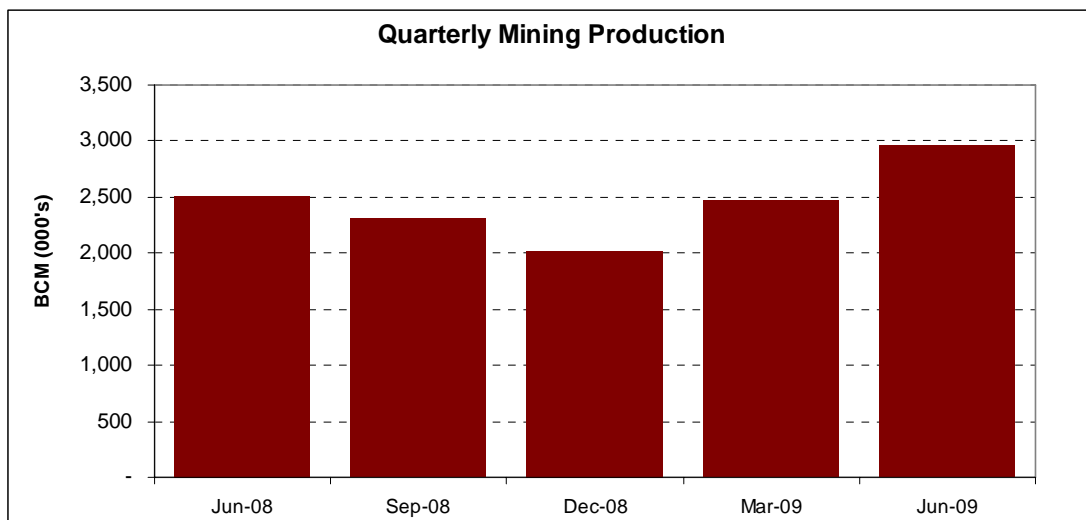
Mining

Mining activities during the June 2009 Quarter advanced the Chugga South, Xhosa and Gogo pits. Development of the Chugga North starter pit was completed and ore mining has commenced.

Approximately 3 million bank cubic metres (“bcm”) of material was mined for the June 2009 Quarter. This record movement reflects the improvement to mining efficiency and is in line with the previous 2009 production plan where mining activity was not scheduled to be slowed despite the budgeted reduction in plant production in the first half of 2009. This has significantly improved the in-pit and ROM stocks of ore to enable continuous and improved ore blending to match processing requirements. All contract mining expenses continue to be fully expensed.



The recently developed Chugga North Starter Pit



For personal use only



Processing

Production rates during the June 2009 Quarter were impacted by trial processing of low grade mineralised material during the months of April and May 2009. Trial processing validated that production of a marketable and economic product could be achieved, albeit at lower mass yields, from treating low cost, lower grade material previously not included in the Ore Reserve estimates.

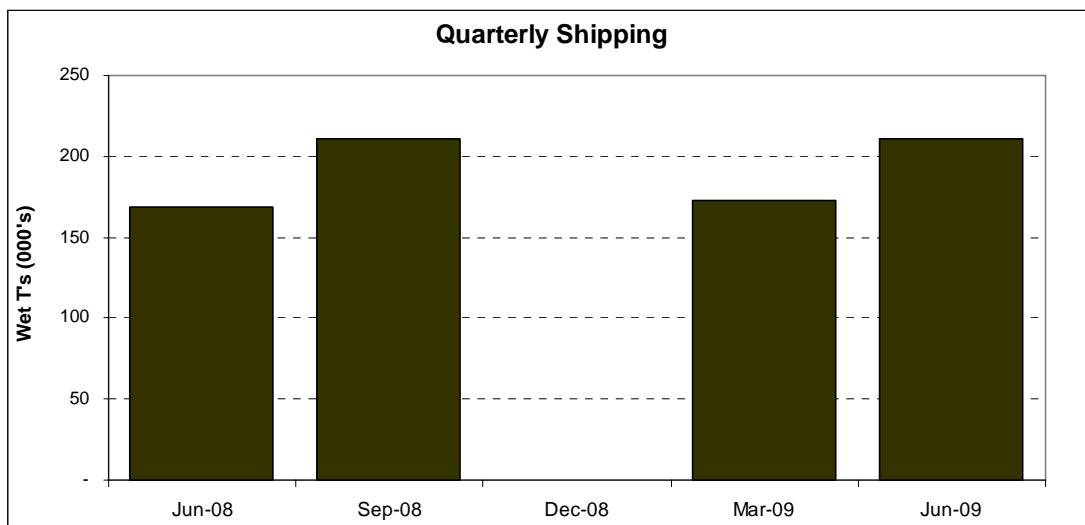
The improved yield and recovery possible from the revised production strategy was demonstrated in June 2009 with record metal production and a record monthly production of 77,083 tonnes at an average grade of 38.8% Mn being achieved.

The approved expansion to the existing processing operations by constructing a crushing and re-processing plant for the Heavy Media drum plant rejects is progressing in accordance with schedule and budgeted estimates. Commissioning of the rejects re-treatment plant is scheduled to coincide with the commissioning of the OMQ sinter ore plant in the December 2009 Quarter.

During the June 2009 Quarter the first stage of the rejects re-treatment plant was commissioned which included the new waste conveying system facilitating the construction of the crushing and Heavy Media sections of the rejects plant to be installed without interrupting normal production. Engineering drawings were finalised and earthworks completed in preparation for pouring of concrete foundations during July 2009.

Logistics

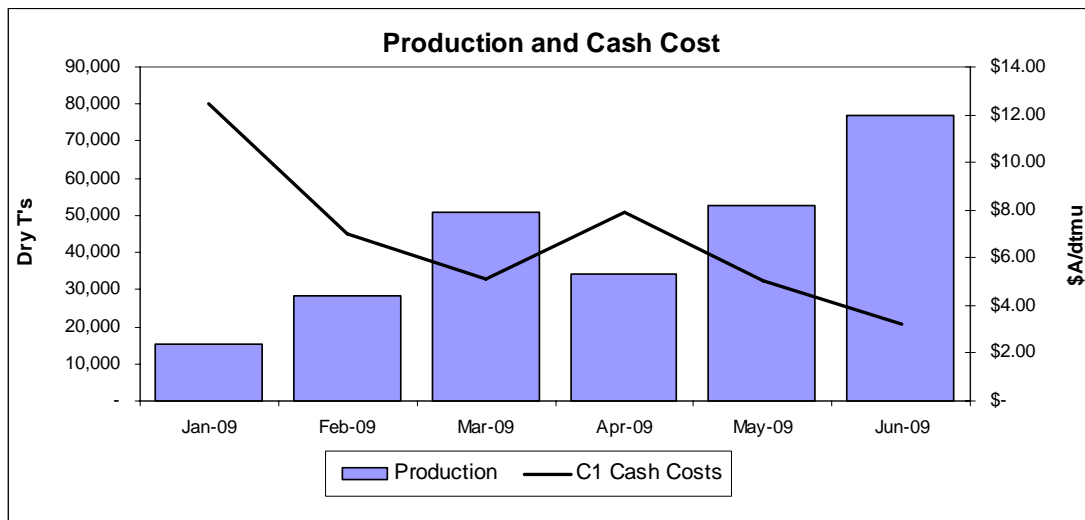
During the June 2009 Quarter a near record total of 210,428 wet tonnes (200,972 dry tonnes) of manganese product was exported in seven shipments through the Port of Darwin.



Cash Operating Costs

C1 unit cash operating costs for the June 2009 Quarter were A\$4.78/dmtu and ranged from A\$7.88 /dmtu in April to A\$3.22 /dmtu in the month of June, driven down by the results of the new production strategy. Taking into account the significant build up of ROM stocks in the June Quarter, the adjusted C1 unit cost achieved in Q2 2009 ranged from A\$5.22 /dmtu to A\$3.22 /dmtu.

Forecast C1 unit cash operating costs for the remainder of the financial year are estimated to be sustainable at the A\$3.30 to A\$3.50 /dmtu level, depending on production tonnes and product specifications. Significant efforts continue to identify further opportunities for capacity, yield and recovery and cost improvements to underpin the mines' position as one of the industry's pre-eminent low cost marginal producers.



Hedging and Financing

During the first half of 2009, OMM incurred hedging losses of A\$13.4 million.

As at 30 June 2009, OMM had no outstanding forward exchange contracts and funds previously held on deposit with the hedge facility provider were released.

OMM has no debt financing obligations and the security arrangements including the fixed and floating charge over OMM's project assets have been discharged by the financial institution which provided the project financing during the development phase as well as the hedging facilities which are not being utilised.

Exploration

Exploration activity during the June 2009 Quarter included flying aerial photography and the commencement of geological mapping programs assisted by external consultants at both regional and detailed project scales over areas including the Renner Springs and Helen Springs projects. The mapping is aimed at improving the overall structural understanding of the outlying project areas and to assist with future drill targeting.

Results from densimetric test work on diamond core drilled late last year were completed and results confirm product yield and grades consistent with current operating mine parameters.

Competent Person's Statement

The details contained in this report pertain to information compiled by Mr Craig Reddell, a full time employee of OM (Manganese) Ltd and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Reddell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 Edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Reddell consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

OMM Outlook

The revised production strategy implemented in the June 2009 Quarter is expected to continue to provide improved yields and recoveries with an anticipated production level of approximately 70,000 tonnes per month for the remainder of 2009.

With the reduced production in the first half of 2009 and improved mining capability, the subsequent rebuilding of in-pit and ROM stockpiles has provided capacity to implement the revised higher production level.

Opportunities to value add to significant stockpiles of low grade ore at Bootu Creek has been confirmed and OMM now has a further option to produce a medium grade, low cost but high value-in-use product for sale into the domestic Chinese market from these stockpiles.

The additional production capability from commissioning of the rejects re-treatment plant scheduled during the December 2009 Quarter will enable production to further exceed the current annualised rate of 840,000 tonnes heading into 2010. During the September 2009 Quarter it is anticipated that fabrication and installation of the reject re-treatment plant



structures will be well advanced with completion during the December 2009 Quarter on track and on budget.

During the September 2009 Quarter a 12,000m RC Mineral Resource delineation and exploration drill program on the Bootu Creek Mineral Lease, ML 24031, and adjacent Exploration Licences will be completed. Exploration is also expected to remain focussed on the continued mapping and identification of additional drill targets at the prospective Renner and Helen Springs Project areas.

Exploration expenditure for 2009 is currently budgeted for A\$3 million following the extent and success of the 2008 exploration program.

OM MATERIALS (QINZHOU) Co Ltd ("OMQ") – GUANGXI, CHINA – 100% OWNED

Production

During the June 2009 Quarter, OMQ produced 6,279 tonnes of High Carbon Ferro Manganese ("HCFeMn"), which was 29% lower than the smelter's Q2 2009 budget.

The production shortfall was due to a slow down in production driven by the lack lustre HCFeMn market activity during the quarter but it allowed OMQ the opportunity to carry out necessary sinter plant tie-in remodification and furnace re-lining work during the month of June.

Production at the Qinzhou smelter for the June 2009 Quarter is summarised below:

	June 2009 Quarter	FYTD 2009	March 2009 Quarter	June 2008 Quarter
Product High Carbon Ferro Manganese ("HCFeMn") (tonnes)	6,279	16,452	10,173	16,985

During the June 2009 Quarter the operating furnace reached the production milestone of 228 day of continuous production. During this time (from September 2008 to April 2009) the furnace had produced 24,775 tonnes of HCFeMn product. At the end of April 2009 this furnace was shut down in order for remodification work to integrate it with the new sinter ore plant. This work is expected to be completed in October 2009. The smelter's other furnace continues to operate during this period.

In a relatively slow domestic as well as export alloy market during the Quarter, OMQ secured sales of 3,359 tonnes of HCFeMn product.

OMQ Outlook

Domestic alloy market conditions are showing signs of improvement during July. OMQ has seen a material increase in both HCFeMn procurement activity as well as in the market prices transacted for manganese ferro alloys. During the month of July, OMQ has secured in excess of 7,000 tonnes of HCFeMn sales from domestic and international markets, as the Chinese domestic and South East Asian customers re-stock their alloy inventories in preparation for an expected strong Q3 2009 steel production levels.

OM MATERIALS (S) PTE LTD ("OMS") – SINGAPORE – 100% OWNED

Trading Operations and Market Outlook

During the June 2009 Quarter, OMS sold and shipped 210,428 wet tonnes of OMM manganese product and 14,230 wet tonnes of third party manganese product. This OMM shipping performance is the mine's second highest shipping milestone, second only to the September 2008 Quarter record which was achieved at the height of the 2008 market.



Throughout the Q1 2009 Quarter, there was a massive de-stocking process of imported manganese ores taking place in the Chinese market. Towards the end of the December 2008 Quarter, manganese ore stocks in major Chinese ports reportedly reached 2 million tonnes. These levels have since significantly reduced due to low import volumes. From January to May 2009, China imported 2.3 million tonnes of manganese ore which represents a year-on-year reduction of 25.4%. This lower import level corresponded with announced production cut-back by major manganese ore producers.

During the early months of 2009 it was generally expected that China's 2009 annual crude steel production would ultimately fall somewhere between 450 to 470 million tonnes, compared to 500 million tonnes in 2008. However, China's crude steel production continues to surprise both producers and commentators on the upside. China produced 267 million tonnes of crude steel for the first half of 2009, an increase of 1.2% as compared to first half of 2008 and industry commentators now expect the 2009 annual crude steel production number to be between 500 and 550 million tonnes.

This increase is strongly supported by improving production and demand for construction steel, strongly assisted by the Chinese government's economic stimulus spending in infrastructure and earthquake re-construction projects. Domestic steel prices bottomed in March 2009 and have been on an upward trend since.

The strong demand in the construction steel market which is assisting a stronger rebound in Silico Manganese alloy demand which directly benefits siliceous manganese ore producers, including OMH's Bootu Creek product.

During the June 2009 Quarter OMS was awarded the Global Trader Programme Incentive for a further five year period from 1 July 2009. The award recognises OMS' role in facilitating international trade based in Singapore and as a result OMS will continue to receive a concessionary rate of tax for income derived from qualifying trading transactions of approved products providing it achieves prescribed criteria set by the International Enterprise Singapore.

TERRITORY RESOURCES LIMITED ("TTY") – 9.85% INTEREST

During the H1 2009 the Company has been divesting its interest in TTY and as at 30 June 2009 it held 26,061,413 ordinary shares. TTY is currently suspended on the ASX and has advised it will announce details of a proposed debt re-structuring and capital raising. Prior to its suspension on the ASX, the Company's holding had a market value of approximately A\$6 million.

SHAW RIVER RESOURCES LIMITED ("SRR") – 10% INTEREST

The Company presently holds 16,541,833 ordinary shares in SRR, with a current market value of approximately A\$2.9 million. These shares were acquired on market and the Company is now ranked as the second largest shareholder of SRR.

SRR owns the Baramine Manganese Project which is located 300km from Port Headland. The project covers an area of approximately 70km² and its maiden drill program commenced during the June 2009 Quarter.

OM HOLDINGS LIMITED ("OMH")

International Manganese Institute

Peter Toth, OMH's Group CEO was appointed as the Vice Chairman of the International Manganese Institute ("IMnI") during the IMnI's Annual Conference held in Dubai in June 2009. The IMnI is a prominent non-profit industry association that represents manganese ore and alloy producers, manufacturers of manganese-based products, traders, industry service providers, companies using manganese to manufacture their products and universities and research organisations world-wide.



Capital Structure

During the June 2009 Quarter a total of 9,226,000 unlisted options were exercised and 550,000 options lapsed following cessation of employment of certain employees.

As at 30 June 2009 the Company had 486,805,150 ordinary shares and 62,450,000 unlisted options on issue.

Since the end of the June 2009 Quarter a further 700,000 unlisted options have been exercised by employees.

Liaoyang International Boron Alloy Co. Limited

During the June 2009 Quarter the Company completed the divestment of its 51% shareholding in Liaoyang International Boron Alloy Co. Limited for consideration of A\$1.6 million in June 2009. As a result of this divestment of a non-core business, the OMH Group is debt free.

Stratford Sun Limited

During the June 2009 Quarter the Company received a copy of an Application for Preliminary Discovery ("Application") from Stratford Sun Limited ("Stratford"), a company controlled by Consolidated Minerals (Jersey) Limited ("ConsMin"), which states that it intends to seek orders for preliminary discovery of OMH documents in the Federal Court of Australia.

Stratford is seeking detailed information in relation to a number of matters including the issue of options validly approved by shareholders at a General Meeting held on 23 September 2008 ("Options Issue").

A hearing in the Federal Court has been set for 6 August 2009.

OMH believes that the basis for Stratford's Application has no substance.

Annual General Meeting

All resolutions were passed at the Company's Annual General Meeting in Singapore on 26 May 2009, except the proposal which was considered by shareholders to elect a nominee of Stratford, to the OMH Board as a non-executive Director.

The resolution to seek to approve the appointment of the Stratford 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).

MARKET OUTLOOK

- From January to May 2009, China imported 2.3 million tonnes of manganese ore, down 25.4% year-on-year. This was in line with the expected smelter ore de-stocking process and the announced production cut-backs by major manganese ore producers during the height of the financial crisis.
- Contrary to our expectations Chinese crude steel production continues to increase during 2009. China produced 267 million tonnes of crude steel for the first half of 2009, an increase of 1.2% compared to the corresponding period of 2008, indicating an annualised production level between 500 and 550 million tonnes.
- Chinese crude steel production represented more than 49% of global steel production year to date in 2009 and any strengthening of non-Chinese steel production during the second half of 2009 will provide further stimulus to global steelmaking raw material demand, including manganese.



- The changing market dynamics of the Chinese manganese ore market continue to revolve around the interaction between domestic and imported ores, high grade and low grade ores and between siliceous and metallurgical ores. The market segment of *'imported high grade siliceous ore'* continues to perform strongly and underpin the competitive advantage of only a handful of high grade siliceous ore producers, including OMH's Bootu Creek product.

The Company is confident that the new production strategy will continue to extract maximum value from Bootu Creek's inherent production flexibility – allowing it to align its 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 Qinzhou smelter, are both due to be commissioned in Q4 2009 and both facilities will significantly represent key components to further enhance the new production strategy.

The Company's longer term strategy continues to be actively pursued so as to further position OMH as a diversified steelmaking raw materials producer through a combination of organic growth options currently being executed at Bootu Creek and the OMQ sinter ore plant, new business development initiatives and M&A and strategic investment opportunities which are subject to ongoing assessment and evaluation.

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley

Company Secretary



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 manganese supplier to the Chinese market. Product from Bootu Creek has strengthened OMH’s position in this market.

For personal use only