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OMH SETS NEW BENCHMARKS WITH JUNE QUARTER MANGANESE PRODUCTION, SHIPMENTS AND COST PROFILES

NEW STRATEGY PAYING DIVIDENDS WITH RISING PRODUCTION AND FALLING COSTS

OM HOLDINGS LIMITED

(ARBN 081 028 337)

ASX code: OMH

Share price: A$1.70
(at close of trade on 27 July 2009)

Market capitalisation: ~A$829M

Ordinary shares on issue: 487.5M
Unlisted options on issue: 61.8M

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.	13%
Stratford Sun Limited	12%
Strategic Partners	10%
Zero Nominees Pty Ltd	6%
Top 20 Shareholders	82%

HIGHLIGHTS

- **74% increase in quarterly high-grade manganese production to 164,034 tonnes at an average grade of 37.6% Mn (March Qtr: 94,492 tonnes)**
- **New monthly production record of 77,038 tonnes at 38.8% Mn for June**
- **C1 production cost of A$3.22/dmtu – the lowest in recent history – achieved for the month of June, with average cost of A$4.78/dmtu for the Quarter**
- **Near-record ore shipments of 210,428 tonnes for the Quarter, demonstrating the success of OMH's new production and marketing strategy**
- **New production and marketing strategy based on outstanding value-in-use characteristics of 38% Mn product, enabling it to be priced at a premium to the prevailing Q2 2009 benchmark**
- **Executed strategy provides a sustainable platform to maintain and continuously improve the product yield, metal recovery and cost performance of Bootu Creek for the remainder of 2009 and into 2010**
- **Current market conditions indicate a continued steady upward trend in the manganese ore price during the remainder of Q3 2009, driven by strong market fundamentals**

Diversified commodity marketing, metals and mining house OM Holdings Limited (ASX: OMH – "OMH") has set new records during the June 2009 Quarter from its mining, production and marketing initiatives delivered from its flagship **Bootu Creek** manganese operations in the Northern Territory, following the successful implementation of the previously announced production and marketing strategy.

In its June 2009 Quarterly Report lodged today (**Tuesday**), OMH reaffirmed the mine's position as a leading independent, low-cost, high-grade manganese producer – reporting a 74% increase in quarterly manganese production to **164,034 tonnes** at an average grade of 37.6% Mn (March Quarter: 94,492 tonnes at 40.0% Mn).

The strong mining and operational performance resulted in a sharp drop in C1 unit cash operating costs to **A$4.78/dmtu** for the Quarter (March Quarter: A$6.84/dmtu), with costs reducing to **A$3.22/dmtu** for the month of June – driven by the benefits of the new production strategy executed during the Quarter. "This is an excellent result. Our revised mining and production strategies implemented during April and May have laid the foundations for an improving Quarterly and outstanding June operating performance," said OMH CEO, Mr Peter Toth.

The new production strategy is focused on extracting maximum value from Bootu Creek's inherent production flexibility and optionality by developing the capability to produce a unique product suite ranging from 35 to 42% Mn. The flexible production output is designed to enable the Company to implement different production strategies for different market conditions.

"This successful strategy has demonstrated the operation's ultimate production capability, reinforcing Bootu Creek's competitive position as a leading independent manganese producer with a current production capacity of 850,000tpa at a A$/dmtu cash operating cost in the low $3.00's," Mr Toth said.

The new optimised Bootu Creek mine plan developed for 2009/10 was successfully implemented with record material mined for the June Quarter, reflecting improvements to mining efficiency and a focus on aggressive pre-stripping and ROM stockpile building during the first half of the year. "The mine's ultimate capability to achieve improved mining, yield and recovery performance from this production strategy was clearly demonstrated in June, which saw record monthly production of 77,083 tonnes at an average grade of 38.8% Mn," Mr Toth said.

"It is also pleasing to note that both of our current internally funded capital expansion projects – the A$12.6 million rejects re-treatment plant at Bootu Creek and the US$18 million sinter ore project at the Qinzhou smelter in China – are tracking on time and budget," he continued. "Significantly, the Qinzhou smelter remained both operational and cash positive during the difficult market conditions seen during the first half of calendar 2009."

Commissioning of the first stage of the rejects re-treatment plant at Bootu Creek was completed during the June 2009 Quarter, with the overall facility expected to be commissioned during the December 2009 Quarter. This will enable manganese production to further exceed the current annualised rate of 850,000tpa heading into 2010.

The 100%-owned **Qinzhou Smelter**, which is located in Guangxi, China, produced 6,279 tonnes of High Carbon Ferro Manganese during the June Quarter (March Quarter: 10,173 tonnes). "We secured sales of 3,359 tonnes of HCFeMn product in a relatively slow domestic and export alloy market," Mr Toth noted. "However, domestic alloy market conditions are showing definite signs of improvement during July and we have seen a material increase in HCFeMn procurement activity."

OMH shipped a near-record total of 210,428 wet tonnes (200,972 dry tonnes) of manganese product during the June Quarter (March Quarter: 172,306 wet tonnes) – the second highest shipping milestone since the inception of the Bootu Creek Mine, second only to the September 2008 Quarter record achieved at the height of the 2008 market.

Mr Toth said the strong shipping and sales performance was a reflection of the success of the revised production and marketing strategy, combined with a stabilisation of the Chinese market and recovery in demand following a sharp drop in Chinese domestic ore production and an extensive de-stocking process of imported manganese ores during the first Quarter of 2009.

"Our new marketing strategy has been a success so far, capitalising on the changing market dynamics between Chinese domestic and imported, high grade and low grade and metallurgical and siliceous manganese ores," he added. "The value-in-use of our new 38% grade product has been confirmed by both its strong demand as well as the pricing premiums achieved on top of the prevailing benchmark. Our product sales are currently being priced on a monthly basis with July sales achieving the US4.75/dmtu level, a 30% increase from the June 2009 Quarter's benchmark. Chinese demand and pricing outcomes are expected to continue to improve during the remainder of 2009 and into 2010.

Despite previous expectations of a softening 2009 Chinese crude steel production, it continues to surprise both producers and commentators on the upside, with production of 267 million tonnes for first half of 2009 – an increase of 1.2% compared to the first half of 2008. Industry analysts and commentators now expect 2009 annual crude steel production to be between 500 and 550 million tonnes – supported by improving production and demand for long products including construction steel, assisted by the recent economic stimulus packages focusing on infrastructure spending.

"Chinese imported manganese ore demand and prices are expected to continue to improve during the second half of 2009," Mr Toth commented. "We are not expecting a V-shaped price recovery to 2008 levels, but we are expecting a slow and steady improvement underpinned by solid and improving supply and demand fundamentals, strong Chinese crude steel production, the impact of capacity cuts by major manganese producers and the completion of the port and smelter de-stocking process.

- 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 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.

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.