

OM HOLDINGS LIMITED

(ARBN 081 028 337)



PALLINGHURST
RESOURCES



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Company Announcements Office
ASX Limited
4th Floor
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SYDNEY NSW 2000

Dear Sir/Madam

OM HOLDINGS LIMITED SECURES A MAJOR INTEREST IN THE TSHIPI KALAHARI MANGANESE PROJECT

OM Holdings Limited ("OMH"), a consortium of Co-Investors ("the Pallinghurst Co-Investors") including Pallinghurst Resources Limited ("Pallinghurst") and Ntsimbintle Mining (Proprietary) Limited ("Ntsimbintle") are pleased to advise that a Memorandum of Understanding ("MOU") has been executed in relation to the world class Tshipi é Ntle manganese project in the Kalahari Basin of South Africa ("the Tshipi Kalahari Manganese Project" or "the Project").

The Pallinghurst Co-Investors (through Pallinghurst Kalahari (Mauritius) Limited ("Pallinghurst Kalahari")) and Ntsimbintle presently hold a 49.9% and 50.1% respective interest in the Tshipi Kalahari Manganese Project via Tshipi é Ntle Manganese Mining (Proprietary) Limited ("Tshipi é Ntle"). The Tshipi Kalahari Manganese Project has a mineral resource estimate of approximately 163 million tonnes at 37.1% Mn (refer Table 1).

Once concluded, this compelling transaction is expected to create a leading globally integrated manganese company, combining OMH's strong operating cash flows, experienced management team, established mining, smelting and marketing expertise and access to the Chinese market with the long-life of the Tshipi Kalahari Manganese Project. The result will be a unique value proposition combining a world class resource base operating in the strategically critical geographical locations for the manganese business, with operations spanning across the full value chain from mine to market.

Salient features of the Proposed Transaction

OMH has agreed to acquire:

1. the 49.9% equity interest from the Pallinghurst Co-Investors in the Tshipi Kalahari Manganese Project in exchange for 139,906,729 ordinary shares in OMH; and
2. a 20% equity interest in Ntsimbintle for the cash equivalent of 28,093,495 ordinary shares in OMH multiplied by the OMH 30 day volume weighted average price of A\$1.75 per share, valued at approximately A\$49.2 million,

("the Proposed Transaction").



Subject to the satisfaction (or waiver) of relevant conditions precedent, the Proposed Transaction has the unanimous support and approval of the OMH Board, the Ntsimbintle Board (whose directors control 70% of the Ntsimbintle shares on issue) and each of the Pallinghurst Co-Investors.

Mr Brian Gilbertson will join the OMH Board in the capacity of Non-Executive Deputy Chairman upon completion of the Proposed Transaction. He will also chair a newly formed Investment Committee of the OMH Board. OMH welcomes the appointment of Mr Gilbertson as his extensive experience in the global resources industry will bring a significant new dimension to the existing OMH Board.

Rationale for the Proposed Transaction

OMH's stated strategy is focused on:

- extracting maximum shareholder value from its existing operating assets;
- developing a pipeline of projects to increase and diversify its resource base; and
- exploiting its competitive advantage of operating across the full manganese value chain including its China-focused marketing and distribution expertise.

OMH, the Pallinghurst Co-Investors and Ntsimbintle share a common strategic vision regarding the manganese industry. Each party is committed to:

- the creation of a leading globally integrated manganese company with long-life high grade ore resources, sinter and alloy capacity and strong marketing and distribution capabilities;
- playing an active role in the further consolidation of the high grade manganese ore sector; and
- the establishment of an emerging steel feed materials business.

An integral component of OMH's strategy and the first major step towards the achievement of the shared vision is the development of the Tshipi Kalahari Manganese Project.

Key Features of the Proposed Transaction

The key features of the Proposed Transaction and the Project include the following:

- The Project has a mineral resource estimate of 163 million tonnes at 37.1% Mn (refer Table 1), with an expected mine life based on its mineral resource of over 60 years and a projected production capacity based upon a feasibility study of between 2.2 to 2.3 million tonnes per annum of run-of-mine metallurgical ore. OMH's Bootu Creek Manganese Project's Mineral Resource (as at 31 December 2008) was 30.6 million tonnes at 24.1% Mn (refer Table 2) and OMH expects to have production capacity from the Bootu Creek Manganese Project expandable to 1.5 million tonnes per annum by 2011. The Project provides an outstanding platform for OMH to become one of the leading globally intergrated manganese companies;
- The cash transaction with Ntsimbintle will allow for its share of ongoing development, capital expenditure contributions and ongoing participation to be adequately funded, with the remaining requirements to be sourced from its other investment incomes;



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- The Project will remain majority Broad Based Black Economic Empowerment (“BEE”) owned, satisfying both strategic and practical South African requirements while fully benefiting from the project development, operating and marketing expertise of OMH and the strategic focus and financial strength of the Pallinghurst Co-Investors; and
 - OMH will negotiate an exclusive marketing arrangement over 100% of the Tshipi Kalahari Manganese Project’s production with Ntsimbintle. OMH acknowledges and fully respects the existing off-take agreement between POSCO and Tshipi é Ntle and it is envisaged that OMH and POSCO will conclude a revised off-take agreement covering the full suite of OMH’s ore, sinter and alloy product range, on arms length commercial terms and conditions.

OMH and Ntsimbintle are establishing a long term strategic partnership to identify and develop manganese, steel feed and energy related projects in South Africa and on the broader African continent.

OMH also expects to re-commence the process of seeking a secondary listing on The Main Board of the Stock Exchange of Hong Kong Limited (“HKSE”). The HKSE secondary listing will not only allow OMH access to capital to support the development of the Tshipi Kalahari Manganese Project and other business development projects, but also provide a platform for strategic cooperation with potential key Chinese partners.

Tshipi Kalahari Manganese Project

The Tshipi Kalahari Manganese Project is 100% held by Tshipi é Ntle Manganese Mining (Proprietary) Limited (“Tshipi é Ntle”) whose current shareholders comprise Ntsimbintle (50.1%) and the Pallinghurst Co-Investors (49.9%).

The Project is located on one of the most prospective properties in the world’s largest manganese basin, located adjacent to the Mamatwan mine which is owned and operated by Samancor Manganese (Proprietary) Limited’s (“Samancor”) subsidiary Hotazel Manganese Mines (Proprietary) Limited. The Project contains a direct extension of Mamatwan’s ore body, which has been mined for over 45 years.

During 2008 and 2009, Tshipi é Ntle carried out a comprehensive drilling campaign which was followed up by a recently completed feasibility study.

A mineral resource estimate has been prepared for the Tshipi Kalahari Manganese Project which is compliant with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (“the SAMREC Code (2007)”). The mineral resource estimate totals 163.23 million tonnes at 37.1% Mn (refer Table 1) with significant potential for additional resources beyond the currently defined levels.



Table 1 - Tshipi Kalahari Manganese Project – Mineral Resource Estimate

Deposit	Indicated		Inferred		Combined	
	Million tonnes	% Mn	Million tonnes	% Mn	Million tonnes	% Mn
Zone M	22.69	37.95	39.64	37.87	62.33	37.90
Zone C	22.95	36.68	40.61	37.01	63.56	36.89
Zone N	12.83	36.67	20.73	35.98	33.56	36.25
Altered	3.35	35.35	0.43	31.41	3.78	34.90
Total	61.82	37.07	101.41	37.11	163.23	37.10

The **Mineral Resource estimate** for the Tshipi Kalahari Manganese Project, as of 10th July 2009, was compiled and signed-off by Mr. D. R. Young, a Director of The Mineral Corporation, and a Competent Person in terms of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code (2007)), and by Mr. S. R. Q. Nupen, a geologist with The Mineral Corporation. Mr. Young and Mr. Nupen's relevant qualifications are summarised below:

D R Young

BSc Honours, Chelsea College, London University (1974).

Fellow of the Geological Society of South Africa (FGSSA).

Member of the South African Institute of Mining and Metallurgy (MSAIMM). Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM).

South African Council for Natural Scientific Professions (Pr Sci Nat 400989/83).

35 years experience in the minerals industry as a geologist conducting Mineral Resource evaluations and valuation throughout the world in numerous commodities including manganese in the Kalahari Manganese Field.

S R Q Nupen

BSc Hons (Geology) UCT (1999)

South African Council for Natural Scientific Professions (Pr Sci Nat 400174/07)

Member of the Geological Society of South Africa (MGSSA)

9 years experience in exploration, orebody modelling, and Mineral Resource evaluation including platinum, gold and manganese in the Kalahari Manganese Field, uranium and iron ore.

The detailed due diligence process to be undertaken will include the appointment by OMH of a Recognised Overseas Professional Organisation which will also independently review the Project's mineral resource estimate based upon the SAMREC Code 2007 and report upon it in relation to the JORC Code.

In addition to the mineral resource estimate prepared by the South African based company, The Mineral Corporation, a feasibility study has also been prepared which projects the viability of an open cut operation, projected to produce between 2.2 and 2.3 million tonnes per annum of run-of-mine ore over 28 years, and utilising some 62 million tonnes from the 163 million tonnes mineral resource estimate.

Based upon the feasibility study, approximately US\$200 million of capital expenditure is expected to be required to develop the Project and it is anticipated that, upon reaching a steady state production rate, the Project is expected to be a producer in the lowest cost quartile. It is anticipated that the development of the mine will commence in 2010 with the aim to be in production no later than early 2013, in line with expected supporting rail and port infrastructure. A fast tracked mine development schedule and the identification of earlier logistics options are under investigation and could result in earlier market entry outcomes.

The Project offers OMH and Ntsimbintle the opportunity of becoming the next major South African high grade manganese ore producer.



The 31 December 2008 Mineral Resource for the OMH Bootu Creek Manganese Project is outlined in Table 2 below.

Table 2 - Bootu Creek Manganese Project – Mineral Resource Summary as at 31 December 2008

Deposit	Measured		Indicated		Inferred		Combined	
	Million tonnes	% Mn	Million tonnes	% Mn	Million tonnes	% Mn	Million Tonnes	% Mn
Chugga North	1.7	25.3	3.3	23.2	0.2	23.2	5.2	23.9
Chugga South	1.6	24.6	1.3	24.1	0.2	24.3	3.1	24.4
Gogo	0.2	27.8	1.2	28.3	0.2	28.3	1.6	28.3
Masai	2.2	23.2	3.8	23.4	0.8	23.4	6.8	23.3
Shekuma	0.4	25.1	3.1	25.4	0.5	25.3	4.0	25.4
Tourag	0.8	24.3	3.1	23.7	0.4	23.5	4.3	23.8
Xhosa	0.1	23.4	0.2	24.7	0.1	25.5	0.4	24.5
Yaka	0.7	23.4	1.9	23.5	0.2	25.7	2.8	23.6
Zulu	0.9	23.0	1.3	22.6	0.2	23.4	2.4	22.8
Total	8.6	24.2	19.2	24.1	2.8	24.4	30.6	24.1

Mineral Resource Estimation Details

The Mineral Resource estimates were completed by resource consultants Hellman and Schofield Pty Ltd based on data and a geological interpretation supplied by OM (Manganese) Ltd ("OMM").

Grades were modelled using a 3D Ordinary Kriging approach with searches aligned parallel to the strike and dip of the mineralisation. SG was calculated by regression and supplied by OMM.

The location, quantity and distribution of the current data were sufficient to allow the classification of Measured, Indicated and Inferred Mineral Resources. Search distances are consistent with previous work by consultants to OMM.

Tonnes were rounded to the nearest 100,000 tonnes and grade to the nearest 0.1% Mn.

The information in this report which relates to the Bootu Creek Manganese Project resources and reserves is based on information compiled by Mr Craig Reddell and Mark Laing, both full time employees of OM (Manganese) Ltd and who are Members of the Australasian Institute of Mining and Metallurgy, and modelled by Mr Robert Spiers a full time employee of Hellman and Schofield Pty Ltd and who is a Member of the Australian Institute of Geoscientists. Mr Reddell, Mr Laing and Mr Spiers have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Reddell, Mr Laing and Mr Spiers consent to the reporting of this information in the form and context in which it appears.

Key terms of the MOU

The key terms of the MOU between OMH, the Pallinghurst Co-Investors and Ntsimbintle relating to the Tshipi Kalahari Manganese Project are as follows:

- OMH is to purchase from the Pallinghurst Co-Investors their 49.9% equity interest in Tshipi é Ntle for consideration of 139,906,729 ordinary shares in OMH which are to be issued pro-rata to each of the Pallinghurst Co-Investors in line with their existing shareholding interest in Pallinghurst Kalahari. Each of the five Pallinghurst Co-Investors will become shareholders of OMH;
- OMH will acquire a 20% equity position in Ntsimbintle (equating to a 10% indirect interest in the Tshipi Kalahari Manganese Project) for cash consideration of approximately A\$49.2 million;
- OMH's shareholding in Ntsimbintle will exclude Ntsimbintle's investment in and relationship with Hotazel Manganese Mines (Proprietary) Limited, the South African mining operations of BHP Billiton (via Samancor). It is anticipated that Ntsimbintle will undergo a company restructuring in order to exclude these assets from the Proposed Transaction;



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- Mr Brian Gilbertson is to join the OMH Board in the capacity of Non-Executive Deputy Chairman upon completion of the Proposed Transaction. He will also chair a newly formed Investment Committee of the OMH Board;
 - In the short term, OMH will appoint one representative to the Tshipi é Ntle Board and one representative to the Ntsimbintle board committee;
 - Tshipi é Ntle shareholders will work with OMH to progressively exchange their shares in Tshipi é Ntle for ordinary shares in OMH during the course of the next 5 years in line with current and future South African legislation allowing historically disadvantaged South African companies to dilute below the 50.1% BEE shareholding level and subject to relevant OMH shareholder and regulatory approvals;
 - An agreed break-fee of approximately US\$2.5 million (1% of the transaction value) will be triggered if a third party control transaction is publicly announced and as a direct result the Proposed Transaction fails; and
 - Reciprocal payment of compensation provisions have been agreed whereby Ntsimbintle and the Pallinghurst Co-Investors will be entitled to compensation for fees and expenses incurred in the course of the execution of this Project if the OMH shareholders do not approve the Proposed Transaction. Similarly, OMH will be entitled to compensation for fees and expenses incurred in the course of furthering this Proposed Transaction if Ntsimbintle and/or any of the Pallinghurst Co-Investors withdraw their support for the Proposed Transaction. The extent of compensation shall not exceed US\$2.5 million between OMH and the Pallinghurst Co-Investors and US\$0.4 million between OMH and Ntsimbintle.

The Proposed Transaction is subject to certain conditions precedent including:

- The satisfactory completion of comprehensive commercial, technical and legal due diligence investigations which will commence immediately;
- The formalisation of comprehensive agreements including Sale and Purchase Agreements, Shareholder Agreements and a Marketing Services Agreement between the relevant parties;
- The approval of the Proposed Transaction by OMH and Ntsimbintle shareholders and the Pallinghurst Co-Investors; and
- The approval of applicable regulatory and statutory bodies, as required.

It is anticipated that the OMH shareholders will have the opportunity to consider and vote on the Proposed Transaction by mid December 2009, following the completion of the relevant due diligence investigations, execution of formal agreements, the completion of independent expert's reports, the compilation and despatch of the documents required for shareholder approval and the receipt of the requisite regulatory and statutory approvals.



CURRENT PARTIES WITH AN EQUITY INTEREST IN THE PROJECT

1. Ntsimbintle Mining (Proprietary) Limited (“Ntsimbintle”)

Ntsimbintle is a BEE company formed in 2003 between nine black groups including Safika Resources, Nkonjane Economic Prospecting and Investments and other BEE stakeholders. In 2007, Ntsimbintle entered into an agreement with Hotazel Manganese Mines (Proprietary) Limited, a subsidiary of Samancor by vending in small portions of its prospecting rights that were contiguous to Samancor’s Wessels and Mamatwan mine to earn a 9% interest. Ntsimbintle is the holder of the new order prospecting rights over three manganese project tenements within the Kalahari Manganese Field and, together with the Pallinghurst Co-Investors, has committed to exploit two of these rights through Tshipi é Ntle and to develop the Tshipi Kalahari Manganese Project. Ntsimbintle has applied to the South African Department of Minerals and Energy for a mining permit which is expected to be issued early next year. It has also made an application to transfer this mining permit to Tshipi é Ntle. The third property in which Ntsimbintle holds 100% ownership is a prospecting permit over the Gloria remaining extent deposit and Tshipi holds pre-emptive rights over the purchase and development of this deposit.

2. The Pallinghurst Co-Investors

Pallinghurst Resources Limited (“Pallinghurst”)

Pallinghurst is a specialist natural resources investment company with investments in platinum, manganese, iron ore, emeralds and the luxury goods brand Fabergé. Pallinghurst has its primary listing on the JSE Limited (formerly Johannesburg Stock Exchange) in South Africa, a secondary listing on the Bermuda Stock Exchange, and has raised approximately US\$300 million in equity share capital.

AMCI Capital

AMCI Capital is a leading private equity house that specialises in global energy and resources investments. AMCI has some of the world’s leading energy and mining industry experts at its helm with its global staff located strategically to identify and manage opportunities where they arise. AMCI Capital is a private equity fund of the AMCI Group. The AMCI Group is an active global investor in coal, iron ore, base metals, power, shipping, logistics and trading.

Investec

Investec is an international specialist banking group that provides a diverse range of financial products and services to a select client base in three principle markets, the United Kingdom, South Africa and Australia. The Investec Group was established in 1974 and it focuses on delivering distinctive profitable solutions for its clients in five core areas of activity, namely Private Client Activities, Capital Markets, Investment Banking, Asset Management and Property Activities. Investec is a leading provider of financial services, with an integrated product offering, pulling together significant technical skills, transaction experience and broad access to global financial markets.

Midstream & Resources

Midstream & Resources (“M&R”) is a US-based family of private equity funds with over US\$1 billion under management. M&R invests in the midstream energy sector and all facets of the mining and minerals sectors. M&R makes equity investments in entities with talented, experienced management teams, focused on hard assets that are integral to existing and growing markets.



POSCO

POSCO is a Korean corporation that is listed on the Republic of Korea, New York and Tokyo Stock Exchanges. POSCO is one of the largest steel producers in the world. POSCO operates two steel mills in Korea, one in Pohang and the other in Gwangyang. It is one of the main suppliers to the Korean automotive and ship building industries.

OM Holdings Limited - Executive Chairman - Mr Low Ngee Tong, commented:

"This transaction represents the first major step towards our objective of increasing OMH's manganese ore resource base more than five-fold, and at the same time begins the process of building a major steel making raw materials business. OMH has proven that it can add significant value to the Bootu Creek Mine's Mineral Resource by producing and marketing low cost and high value in use products. The Tshipi Kalahari Manganese Project, once in production, will allow further opportunities for OMH to use and market a unique suite of complementary ores. Following shareholder approval of this transaction OMH will aggressively pursue complementary business development opportunities such as the expansion of its Qinzhou smelting and sintering capacity and the feasibility study of smelting options outside China, including Indonesia which is supported by domestic manganese ore, proximity to the Bootu Creek operation and large domestic thermal coal resources supporting competitive power costs."

Pallinghurst Resources Limited – Chairman - Mr Brian Gilbertson, commented:

"I see this as a transformational transaction for all parties. It establishes a robust supplier of manganese ores and alloys to the global steel industry, able to source, blend and deliver internationally for optimum customer satisfaction. With its long-life reserves in South Africa's Kalahari Basin, home to 80% of the world's resources, the new OMH will be a strong and growing competitor in the industry for many decades to come."

Ntsimbintle Mining (Proprietary) Limited – Chairman - Mr Saki Macozoma, commented:

"This strategic transaction with OMH and the continued relationship with Pallinghurst will provide the impetus, expertise and support for developing the Tshipi mine while OMH will also provide long term strategic and tactical insight into the marketing and distribution aspects of the manganese business. This transaction has the potential to catapult OMH as enlarged by its investment in the Tshipi mine into the league of major manganese producers and at the same time provide long term benefits to the people of the Northern Cape, to the Tshipi and Ntsimbintle shareholders and to South Africa as a whole."

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary

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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 3,326km².

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.

OMH also holds an 12% shareholding in Shaw River Resources Limited, a company presently exploring for manganese in Western Australia as well as a 10% shareholding in Territory Resources Limited a company operating the Frances Creek iron ore mine in the Northern Territory.