

28<sup>th</sup> January 2010

## **Australian manganese major joins Archer in S.A. manganese project.**

Australian manganese producer, OM Holdings Limited's (ASX: OMH) wholly owned subsidiary OM (Manganese) Limited ("OMM") has today signed a \$600,000 Farmin Agreement with Archer Exploration Ltd (ASX: AXE) to further explore the Jamieson Tank manganese prospect on South Australia's Eyre Peninsula.

The Jamieson Tank manganese prospect, located south of Kimba, is contained within Archer's wholly-owned Carappee Hill tenement (EL3711) covering 54km<sup>2</sup> located in the vicinity of iron ore, manganese and steel operations and projects owned by Centrex, Monax and OneSteel.

Under the farm-in terms, OMM has the right to earn a 60% interest in all ferrous minerals (manganese and iron ore) at Jamieson Tank by funding exploration expenditure to the value of \$600,000 over a four-year period. Archer retains the right to all non-ferrous minerals within the tenement. OMM must expend a minimum of \$75,000 in the first year before it has the right to withdraw. Should OMM withdraw prior to spending \$600,000, it will have earned no interest in the ferrous minerals or the tenement. This agreement is conditional upon the completion of due diligence by OMM within 90 days. During the farmin OMM will be the exploration operator according to a program and budget to be mutually agreed between OMM and Archer.

Upon OMM earning its 60% farmin interest, OMM and Archer will enter into a formal Joint Venture Agreement (JVA). Archer may either elect to contribute in proportion to its 40% interest, or transfer a further 20% interest to OMM in return for OMM funding a further \$600,000 of expenditure. OMM will be entitled to be the manager of the joint venture once it earns its 60% interest. Archer has agreed to appoint OMM as its sole and exclusive agent to manage its share of any product offtake.

Should OMM make a decision to mine, Archer may elect to contribute in proportion to its remaining participating interest, or relinquish its interest and withdraw from the joint venture in exchange for a net revenue FOB royalty at a rate of 1% for each 10% of participating interest retained at the time of OMM's decision to mine.

Archer's Chairman, Mr Greg English said: *"The Company is delighted to have secured a partner of the calibre of OM Holdings in this highly promising new manganese project for South Australia."*

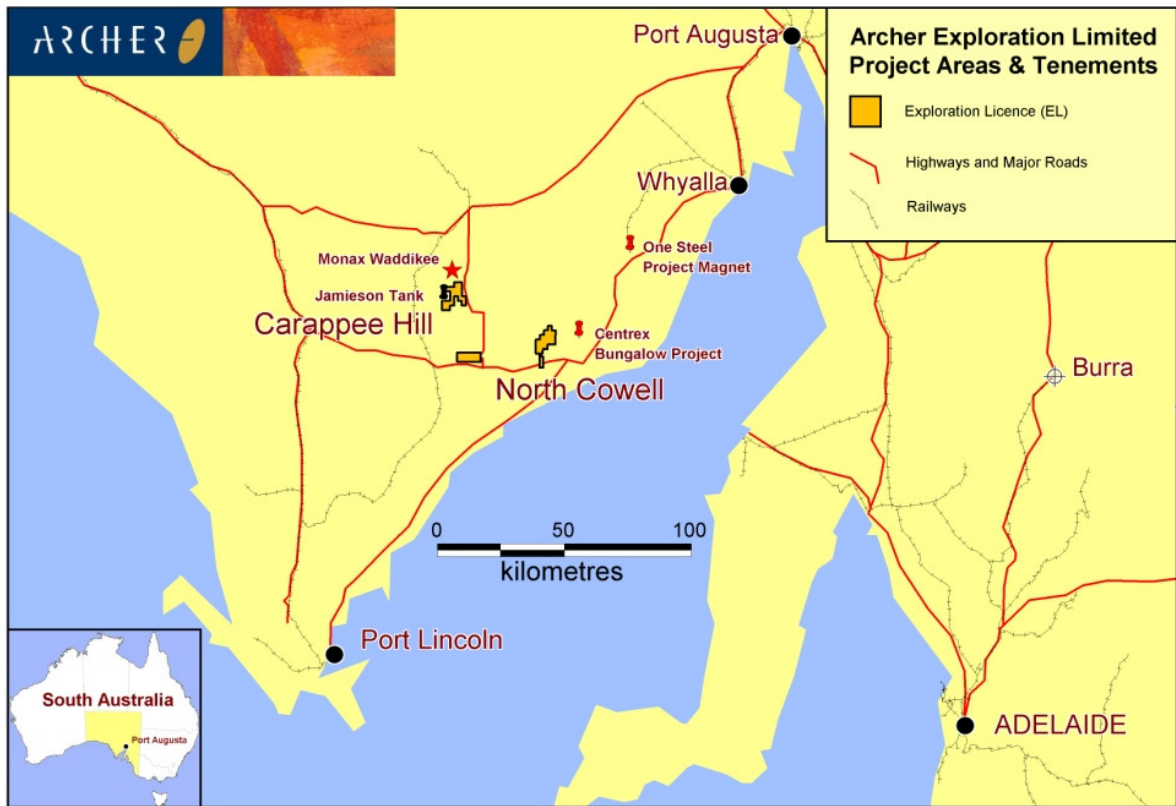
*"OMH has a demonstrated record of success in manganese exploration, development and production, including its current Northern Territory mine."*

*"We are confident the farm-in and proposed joint venture announced today will significantly progress the development of Jamieson Tank - at a time when manganese is enjoying strong prices and unprecedented demand in the steel markets of Asia."*

OMM controls 100% of the operating Bootu Creek Manganese Mine located 110 kilometres north of Tennant Creek in the Northern Territory. Bootu Creek has a published Mineral Resource of 30.6 million tonnes at 24.1% Mn including an Ore Reserve of 22.4 million tonnes at 22.1% Mn (as at 31st December, 2008; see OMH ASX ann. 5th March 2009)\*.

### Jamieson Tank - Background

Jamieson Tank is located 50 kilometres westnorthwest of Centrex Metals Limited's Wilgerup hematite iron ore project and 65 kilometres west of OneSteel's iron ore mines – Iron Duke, Iron Baron and Iron Monarch – on the eastern Eyre Peninsula (Figure 1).



In 2008, two exploratory holes drilled by Archer at Jamieson Tank confirmed the presence of high-grade manganese mineralisation, first identified by Western Mining Corporation in the early 1990s. Both drill holes intercepted manganese rich intersections, including a 24-metre interval from 61 metres averaging 12% manganese, with a 4-metre intersection at 18% manganese.

The Jamieson Tank Prospect directly borders the Waddikee Project to the south and east, where Monax Mining Limited has also reported the discovery of a number of high-grade manganese intersections.

For further information please contact:

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*The exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr. Wade Bollenbagen, Exploration Manager of Archer Exploration Limited. Mr. Bollenbagen is a Member of the Australasian Institute of Mining and Metallurgy who has more than fifteen years experience in the field of activity being reported. Mr. Bollenbagen consents to the inclusion in the report of matters based on his information in the form and context in which it appears.*

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