OM HOLDINGS LIMITED

(ARBN 081 028 337)

No. of Pages Lodged: 13

21 October 2010

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

Dear Sir/Madam

SEPTEMBER 2010 QUARTERLY MARKET UPDATE

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

HIGHLIGHTS

OPERATING PERFORMANCE

OMM (100%, Bootu Creek, Australia)

- **Record quarterly production of 227,968 tonnes grading 36% Mn, represented a 16% quarter-on-quarter increase and a 11% year-on-year increase**
- **Record monthly production of 86,867 tonnes for September 2010, surpassed the previous monthly record set in June 2009 by 12%**
- **Five shipments made during Q3 2010 representing 175,928 wet tonnes**
- **Q3 2010 C1 unit cost of A$4.29/dmtu including September month of A$3.91/dmtu; a consistent improvement from the A$4.65/dmtu achieved for 1H 2010**
- **Mine schedule improvements in the September quarter delivered consistent ore supply allowing higher mass yields and metal recoveries from the processing plant**
- **Forecast full year 2010 production target of 850,000 tonnes**

OMQ (100%, Guangxi, China)

- **Record quarterly production of 17,271 tonnes of High Carbon Ferro Manganese ("HCFeMn")**
- **Consistent improvements in sinter ore production achieved with quarterly production of 45,643 tonnes**
- **Record quarterly sales of 14,915 tonnes of HCFeMn, represented a 40% quarter-on-quarter increase and a 42% year-on-year increase**
- **Strategy adopted to bring forward the furnace re-line and scheduled maintenance during Q4 2010 so as to mitigate the uncertainty surrounding Guangxi power supply availability and maximise total production capacity once the current power supply issues are resolved**

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MARKET OUTLOOK

- **Robust steel production volume from China, with an increase of 15.5% year-on-year for the period from January to August 2010**
- **Correspondingly higher incremental imports of manganese ore into China; China imported 7.89 million tonnes during the period from January to August 2010, representing a 53.6% increase year-on-year**
- **Strong sales expectations for Q4 2010, augmented with the anticipated conclusion of the long-term NFE marketing agency agreement**

CORPORATE

- **Application for a sintering and smelting plant in Malaysia submitted with a view to establishing an integrated low-cost alloy production centre in South East Asia to support the growing Asian steel industry**
- **Tshipi project Section 11 mining right transfer approved, project manager appointed and an aggressive development timeline pursued in order to achieve progressive production ramp-up to 2mtpa by 2013**
- **Exclusive sales and marketing agreement with IronClad Mining Limited (ASX Code: IFE) executed, securing 100% of the first 2 years of production from IFE's Wilcherry Hill Project**
- **Subscription of additional 6,932,500 shares in Northern Iron Limited (ASX Code: NFE) at an approximate cost of A$10.95 million subsequent to quarter end. Shareholding interest in NFE of 16% maintained**

OM (MANGANESE) LTD ("OMM")
BOOTU CREEK MANGANESE MINE (100%, Northern Territory, Australia)

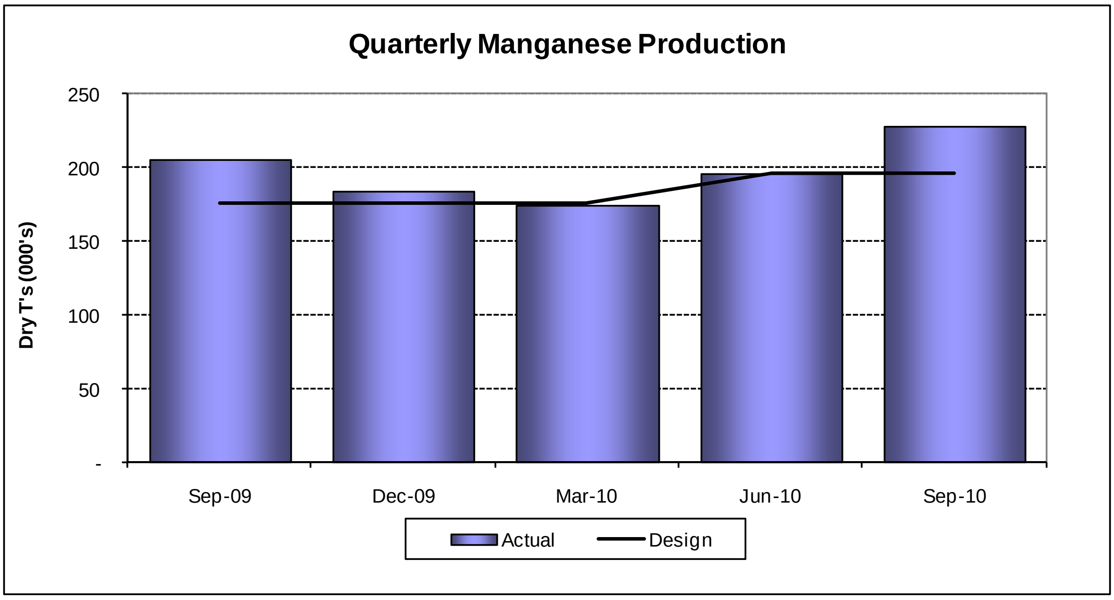
Production from the Bootu Creek Manganese Mine for the September 2010 Quarter is summarised below:

	Unit	Sept 2010 Quarter	FYTD 2010	June 2010 Quarter	Sept 2009 Quarter
Mining					
Total Material Mined	BCMs	3,075,673	8,494,918	2,983,208	3,163,539
Ore Mined – tonnes	dt	588,315	1,528,094	519,471	457,880
Ore Mined – Mn grade	%	22.97	22.26	21.66	23.25
Production					
Lumps – tonnes	dt	154,991	374,692	125,457	163,662
Lumps – Mn grade	%	35.44	36.50	36.98	38.55
Fines – tonnes	dt	43,126	108,693	37,406	41,710
Fines – Mn grade	%	37.96	38.98	39.05	42.38
SPP Fines – tonnes	dt	29,851	115,051	32,893	-
SPP Fines – Mn grade	%	35.86	36.00	36.19	-
Total Production – tonnes	dt	**227,968**	**598,436**	**195,756**	**205,372**
Total Production – Mn grade	%	**35.97**	**36.86**	**37.24**	**39.33**
Sales					
Lumps – tonnes	dt	129,433	338,775	115,076	158,948
Lumps – Mn grade	%	36.14	37.32	37.92	38.66
Fines – tonnes	dt	20,365	55,642	19,608	18,350
Fines – Mn grade	%	38.52	40.27	40.12	42.51
SPP Fines – tonnes	dt	20,349	125,889	38,826	-
SPP Fines – Mn grade	%	38.23	37.18	37.46	-
Total Sales – tonnes (dry)	dt	**170,147**	**520,305**	**173,510**	**177,298**
Total Sales – Mn grade	%	**36.68**	**37.60**	**38.07**	**39.06**

The Bootu Creek Manganese Mine delivered record production of 227,968 tonnes at an average grade of 35.97% Mn in the September 2010 Quarter.

Mine schedule improvements in the quarter allowed consistent delivery of higher grade material to the processing plant mine allowing the plant to benefit from expected mass yields and metal recoveries.

Production in the month of September 2010 was a record 86,867 tonnes at an average grade of 35.9% and was 12% higher than the previous monthly record set in June 2009.



Mining

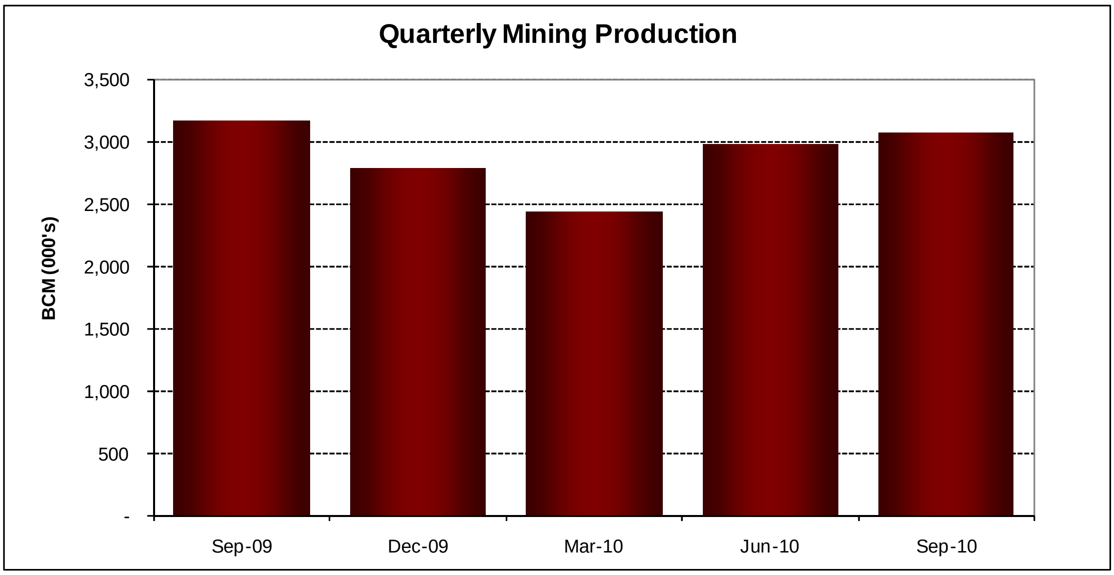
Mining activities during the September 2010 Quarter included mining in the Chugga South, Tourag 2 and Tourag 3 pits, and the commencement of the higher grade Shekuma Pit cutback.

Approximately 3.1 million bank cubic metres ("bcm") of material was mined during the September 2010 Quarter.

High grade ore stocks increased significantly during the quarter as improved ground conditions allowed normalised mining activities. Tourag ore continues to improve at depth and demonstrates very high manganese to iron ratios.

In-pit broken ore stocks were high at the end of the quarter particularly in the Tourag pit along the full strike length, which should allow reliable ore availability for the December quarter.

During the quarter, a cut-back in the high grade Shekuma pit commenced to access high grade ore stocks. It is anticipated that high grade ore will be accessed late in the 4th quarter of 2010.



Tourag #2 Pit (Looking South)

Cutback at Shekuma #5 Pit (Looking North)

Processing

Production for the September 2010 Quarter was a record 227,968 tonnes at an average grade of 35.97% Mn.

Improved plant availability rates allowed for extended periods of plant uptime and operating efficiencies, which translated to record scrubber feed rates for the quarter. Improvements in the mine schedule during the quarter allowed anticipated higher grade ore to be stockpiled and then blended through the plant optimising throughput rates, mass yields and metal recoveries.

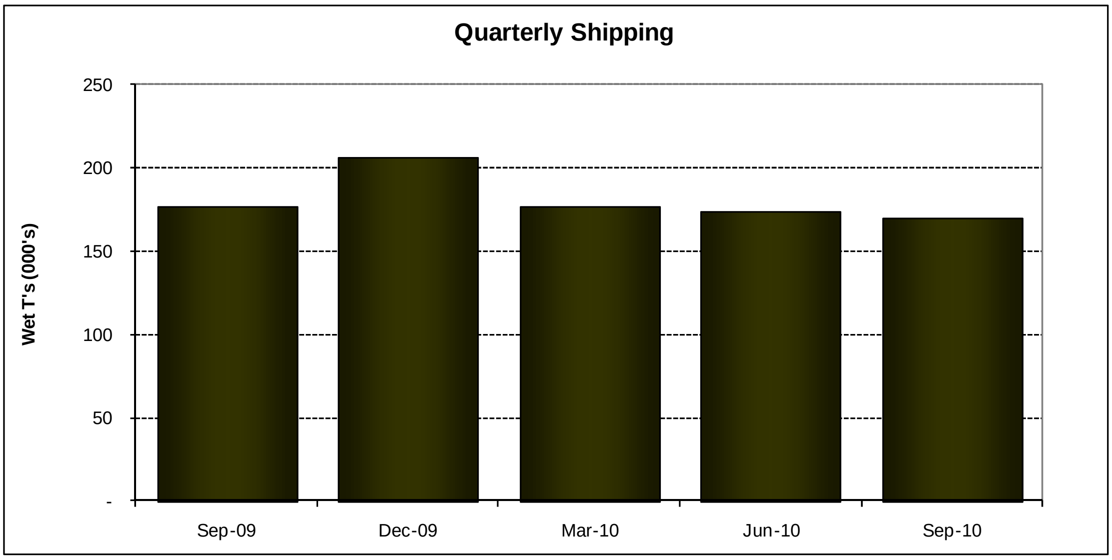
Production in the month of September 2010 was a record 86,867 tonnes at an average grade of 35.9% Mn which was 12% higher than the previous monthly record set in June 2009.

On a contained manganese metal units basis; the month of September 2010 was 3% higher than the previous monthly record of June 2009 further validating the new production strategy implemented in mid 2009 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, with manganese product grades ranging from 35% Mn to 38% Mn.

Modifications were made to the secondary processing plant rolls crushers during the quarter to resolve excessively high wear rates and higher than expected circulating loads. Further testwork and modifications are continuing in the 4th quarter to continue to improve wear rates, availability rates and throughputs as well as resultant production.

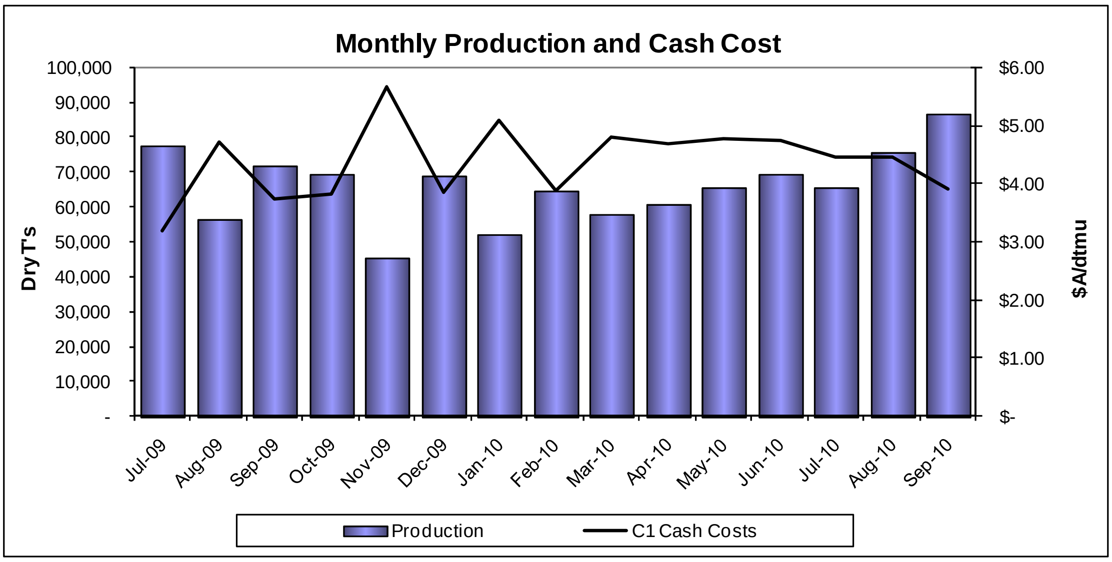
Logistics

During the September 2010 Quarter a total of 170,147 dry tonnes (175,928 wet tonnes) of manganese product was exported in 5 shipments through the Port of Darwin.



Cash Operating Costs (C1/dmtu)

C1 unit cash operating costs for the September 2010 Quarter were A$4.29/dmtu; with the unit costs for the respective three months being A$4.61/dmtu for July, A$4.46/dmtu for August and A$3.91/dmtu for the month of September 2010.



Hedging and Financing

As at 30 September 2010, OMM had no outstanding forward exchange contracts or borrowings.

Bootu Creek Exploration

The Bootu Creek 2010 delineation and exploration drill program commenced in June 2010 and continued through to early September 2010 in accordance with the 2010 A$4 million exploration budget. RC (Reverse Circulation) drilling continued with a delineation program to extend existing Mineral Resources at the Yaka, Masai and Chugga North deposits. The drill rig was then moved on to reconnaissance exploration drilling at Looa Bore, South Renner Springs and Helen Springs projects intersecting some new mineralised manganese trends, with assay results pending.

A total of 265 drill holes (for 16,035 metres) were completed during the September quarter. Initial assay results confirm the south east extension of the Yaka deposit and minor extensions of the Masai deposit to the northwest and the Chugga North deposit to the north.

A second phase of RC drilling is planned in Q4 2010 for initial Mineral Resource delineation at Renner Springs, assuming grant of SEL28041 (Substitute Exploration Licence) over the northern portion of the Renner Springs project area is received for drilling to commence prior to the wet season.

External Exploration Projects

Waddikee Project - OMM earning a 60% interest

Monax Mining Limited (ASX: MOX) commenced exploration in late 2009 under a farmin agreement where OMM agreed to fund A$2 million over 4 years to acquire a 60% interest in the Waddikee Project (on EL3357) located on the Eyre Peninsula, South Australia.

Final results from a drill program completed on the Jamieson Tank Prospect in June 2010 included 7m @ 17.1% Mn, 5m @ 19.2% Mn and 3m @ 17.3% Mn. Refer to Monax Mining Limited's ASX release lodged on 16 July 2010.

Results returned from an auger program targeting other potential zones of manganese within EL3357 (which extends over an area of 1,000 square kilometres) highlighted several zones of manganese mineralisation that warrant follow up with RC drilling in early 2011.

Carappee Hill Project – OMM earning a 60% interest

Archer Exploration Limited (ASX: AXE) and OMM signed a farmin agreement on 28 January 2010 whereby OMM has agreed to fund A$0.6 million over 4 years to acquire a 60% interest in the manganese and iron rights on Archer's EL3711. The project area is contiguous with the Monax/OMM Waddikee Project and is being explored in conjunction with that project.

Results from a drill program completed on the Jamieson Tank Prospect in June 2010 included 5m @ 14.6% Mn, 6m @ 15.0% Mn and 10m @ 12.6% Mn. Refer to Archer Exploration Limited's ASX release lodged on 21 July 2010.

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.

The information in this report that relates to Monax Mining Limited's exploration results is based on information compiled by Mr G M Ferris, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Ferris is employed full time by Monax Mining Limited as Managing Director and 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 Ferris consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Archer Exploration Limited's exploration results is based on information compiled by Mr Wade Bollenhagen, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bollenhagen is employed as the exploration manager of Archer Exploration Limited and 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 Bollenhagen 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

Production for the 4th quarter of 2010 is estimated to be 250,000 tonnes as the availability of high grade feed stocks, higher yielding ore and further process optimisations and improvement initiatives are implemented.

The December 2010 Quarterly shipping and sales volumes are expected to be above 200,000 tonnes.

<u>OM MATERIALS (QINZHOU) Co Ltd ("OMQ") (100%, Guangxi, China)</u>

Production from the Qinzhou smelter and sinter plant for the September 2010 Quarter is summarised below:

	Sept 2010 Quarter	FYTD 2010	June 2010 Quarter	Sept 2009 Quarter
Tonnes				
Production				
High Carbon Ferro Manganese ('HCFeMn")	**17,271**	31,425	9,958	9,393
Mn Sinter Ore	**45,643**	85,645	34,352	NA
Sales				
High Carbon Ferro Manganese ('HCFeMn")	**14,915**	29,219	10,633	10,527
Mn Sinter Ore	**8,394**	10,908	2,514	NA

Production

During the September 2010 Quarter, OMQ produced a record 17,271 tonnes of High Carbon Ferro Manganese ("HCFeMn") alloy with the concurrent operation of 2 furnaces for the majority of the quarter. Furnace 101 registered its longest ever continuous uninterrupted operating period of 239 days, producing a record 25,299 tonnes of HCFeMn.

45,643 tonnes of sinter ore was produced during the September 2010 Quarter. The sinter plant is now running at its budgeted 2010 production level of 200ktpa.

Sales

Higher sales of HCFeMn were achieved with an increase of 40% quarter-on-quarter and 42% year-on-year, underpinned by the strengthening demand and alloy re-stocking by the major steel companies.

OMQ Outlook

In line with the Chinese government's efforts to achieve its carbon emission targets at the end of 2010 (being the end of China's 11^{th} Five Year plan) the Guangxi government has imposed various restrictions to the supply of industrial power in the region. Whilst there is no guarantee of continuous uninterrupted 100% power supply for the full Q4 2010, OMQ continues its discussions with the authorities to minimise any impact to its sinter and alloy production. In the event of power shortage, OMQ will bring forward its planned furnace re-line and scheduled maintenance activities on its furnaces so as to maximise total production capacity once the power supply issues are resolved.

The December 2010 Quarter manganese alloy prices are expected to be strong due to the short term power supply shortage and resulting regional alloy production issues. OMQ has an adequate stockpile of HCFeMn and is well placed to respond to a tightening supply situation and maintain supply to its long term customers.

OM MATERIALS (S) Pte Ltd ("OMS") (100%, Singapore)

Trading Operations and Market Outlook

During the September 2010 Quarter, OMS shipped 175,928 wet tonnes of OMM manganese ore product and 53,072 wet tonnes of third party manganese ore product. During the quarter, OMS also shipped 78,448 wet tonnes of iron ore concentrate for Northern Iron Limited (ASX Code: NFE) under the short term marketing agreement with the company. A long term marketing agency agreement with NFE is presently being negotiated.

The World Steel Association forecasts that apparent steel use will increase by 13.1% to 1,272 million tonnes in 2010 after contracting by 6.6% in 2009. This represents an improvement of 35 million tonnes over the April 2010 short range outlook for the remainder of 2010 and even exceeding the pre-crisis peak of 1,222 million tonnes in 2007. In 2011, it is forecast that world steel demand will grow by 5.3% to reach a record 1,340 million tonnes.

China crude steel production from January to August was 427 million tonnes, representing a 15.5% increase over the same period in 2009. On an annualised basis, it is estimated that Chinese crude steel production may reach 640 million tonnes in 2010.

From January to August 2010, China imported 7.89 million tonnes of manganese ore, representing 53.6% increase over the same period in 2009. It is estimated that China will need to import approximately 11 million tonnes of manganese ore to support 640 million tonnes of crude steel production.

OM HOLDINGS LIMITED

On-Market Share Buy-Back

The Company announced on 2 August 2010 the implementation of an On-Market Share Buy-Back ("Buy-Back") program of up to 15 million shares, representing 3% of the Company's issued capital. The Company instituted this capital management initiative as the Company was of the view that the prevailing market price of OMH shares did not reflect the intrinsic value underpinning the strong current and future earning potential of OMH.

As of 30 September 2010, the Company had bought back 950,000 shares at a cost of approximately A$1.3 million. All shares purchased under the Buy-Back will be treated as treasury shares, with the Company precluded from exercising any rights in respect of those shares.

Capital Structure

During the September 2010 Quarter 4,600,000 ordinary shares were issued as a result of the exercise of unlisted options.

As of 30 September 2010, the Company had 503,085,150 ordinary shares and 38,420,000 unlisted options on issue.

CORPORATE

Woodie Woodie Manganese Operation ("Woodie Woodie")

The Company has completed the due diligence investigation of Consolidated Mineral Limited's Woodie Woodie mine. No formal transaction opportunity is currently being progressed due to difficulties in identifying a mutually suitable transaction structure.

Tshipi Kalahari Manganese Project ("Tshipi")

Tshipi Borwa (previously Tshipi) and Tshipi Bokone (previously Wessels) Section 11 applications to transfer the respective mining rights to Tshipi e Ntle (from Ntsimbintle) have been approved by the Minister of Mineral Resources. Progress has been made with the appointment of a project manager and the imminent award of tenders for Tshipi's mine, plant and rail siding design. Strategic and operational engagements with Transnet (South African logistics provider) on logistics are on-going and an aggressive development timeline is being pursued in order to achieve progressive production ramp-up to 2mtpa by 2013.

South-East Asia ("SEA") Sintering and Smelting Plant

The Company has submitted an application for a sintering and smelting licence in Malaysia supporting the Company's strategy of establishing an integrated low-cost alloy production centre in South East Asia. The technical and financial feasibility study is expected to be completed during Q4 2010 and negotiations for land and power will commence thereafter.

The establishment of the sintering and smelting plant in SEA is intended to coincide with the progressive ramp-up in production supply of the carboneous manganese ore from the Tshipi project, thereby further strengthening OMH's strategy of transforming itself into a leading globally integrated manganese ore and steelmaking raw materials company with an active technically and commercially driven participation across the manganese value chain.

Chief Financial Officer

During the September 2010 Quarter Ms Goh Soo Fung was appointed as the Company's Chief Financial Officer.

Ms Goh is a Certified Public Accountant of the Institute of Certified Public Accountants of Singapore. She possesses more than 15 years of professional experience with specialised knowledge of finance and accounting principles and practices and financial corporate compliances. Ms Goh will play a pivotal senior role in building upon the OMH Group's growth strategy whilst maintaining focus upon its core strengths as a key global manganese producer and marketer of high quality manganese, a rigorous approach to cost control, a strong global marketing presence underpinned by excellent partners and a commitment to further grow the business through both development and selective acquisition.

Exclusive Sales and Marketing Agreement with IronClad Mining Limited (ASX Code: IFE)

During the September 2010 Quarter,OMS executed an exclusive sales and marketing agreement with IFE, whereby OMS has the exclusive right to 100% of the first 2 years of production of iron ore from the Wilcherry Hill Project, located in South Australia.

It is anticipated that production will commence in the first quarter of 2011 from IFE's planned stage 1 Direct Shipping Ore mining operation. OMS will be responsible for all appropriate marketing support services, technical marketing liaisons and marketing interface between IFE and the Chinese steel mills as well as assisting in the establishment and promotion of the IFE brand in China.

Subscription of Additional Shares in Northern Iron Limited (ASX Code: NFE)

OMH participated in a share placement with NFE as announced on 13 October 2010. OMH subscribed for 6,932,500 shares at an issue price of A$1.58 per share, totalling A$10.95 million. The investment was predominantly funded by way of offsetting a loan of US$10 million previously advanced by OMS to NFE on 5 July 2010. Following the share placement OMH has maintained its shareholding interest in NFE at 16%.

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 1,000,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 3,325km^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.

OMH is a constituent of the S&P/ASX 200 a leading securities index.

OMH also holds the following strategic shareholding interests in ASX listed entities:

- *16% shareholding in **Northern Iron Limited** (ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway;*
- *12% shareholding in **Shaw River Resources Limited** (ASX Code: SRR), a company presently exploring for manganese in Western Australia and Ghana;*
- *19% shareholding in **Scandinavian Resources Limited** (ASX Code: SCR), a company presently exploring for iron ore, manganese, gold and copper in Sweden and Norway; and*
- *6% shareholding in **Territory Resources Limited** (ASX Code:TTY), a company operating the Frances Creek iron ore mine in the Northern Territory.*