

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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29 April 2011

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

Dear Sir/Madam

MARCH 2011 QUARTERLY MARKET UPDATE

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

HIGHLIGHTS

OPERATING PERFORMANCE

EXPLORATION AND MINING (OMM, 100% owned Bootu Creek Mine)

- First quarter production of 181,862 tonnes grading 36.6% Mn, representing a 4.1% increase on the corresponding period last year despite record rainfall
- Severe rainfall events delivered the highest ever first quarter wet-season rainfall since commencement of operations with 808 mm of rainfall registered during the quarter
- Effective wet season planning allowed for the highest ever January production of 75,806 tonnes. However, Cyclone Yasi caused localised pit flooding and reduced ore supply to the process plant during February and March 2011.
- Quarterly shipment volume of 210,386 dry tonnes
- The Q1 2011 C1 unit cash cost was A\$5.11/dmtu, on a fully expensed mining cost basis. The impact of several severe rainfall events in the quarter resulted in restricted ore access and availability to the plant contributing to an increase in unit cash costs
- Month-to-date production for April (as at 27 April 2011) stands at a record 91,022 tonnes with an average daily production rate of 3,371 tonnes as improved ground conditions allowed a return to normalised operations. April 2011 monthly production is on track to achieve 100,000 tonnes



PROCESSING (OMQ, 100% owned Smelter and Sinter Plant in Qinzhou)

- First quarter production of 16,484 tonnes of HCFeMn, with the smelter operation on target to achieve budgeted full year production of approximately 60,000 tonnes
- First quarter production of 58,381 tonnes of sinter ore, with the sinter ore facility on target to achieve budgeted full year production of approximately 240,000 tonnes
- Sales of 8,007 tonnes of HCFeMn achieved during the March 2011 Quarter

MARKETING AND TRADING (OMS – 100% owned operations in Singapore, OMQT – 100% owned operations in Qinzhou, and OMA – 70% owned operations in Shanghai)

- First quarter sales of 162,972 tonnes of OMM product and 38,638 tonnes of third party manganese product

MARKET OUTLOOK

- China crude steel production for Q1 2011 of 173.5 million tonnes, representing a 10.5% year-on-year increase, prompting analyst expectations of a possible record of 700 million tonnes of production in 2011
- Demand environment remains robust while supply side pressures continue from high producer, trader and port stocks
- The 44% grade benchmark price has declined from US\$6.00/dmtu to US\$5.30/dmtu CIF China for April/May shipments. The resulting pressure on marginal low grade and high cost ore producers, especially Chinese domestic producers, is expected to increase demand for imported high grade ores, thereby further accelerating the destocking process

TSHIPI (13% indirect interest)

- Tshipi e Ntle Board approves development of the Tshipi Borwa mine
- OMH and the other Tshipi shareholders agree to commit capital to develop the Tshipi Borwa manganese mine
- Tshipi Borwa mining right formally transferred from Ntsimbintle to Tshipi
- Tshipi Borwa mine development underway with major contracts being evaluated in readiness for being awarded
- Initial exploration programme completed at Tshipi Bokone

MALAYSIA

- MOU signed with Syarikat Sesco Berhad for the supply of 500MW of power. Bankable Feasibility Study expected to be completed in the September 2011 Quarter.

CORPORATE

- Final dividend of A\$0.02 declared and is payable on 13 May 2011



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

Production from the Bootu Creek Mine for the March 2011 quarter is summarised below:

	Unit	Mar 2011 Quarter	FYTD 2011	Dec 2010 Quarter	Mar 2010 Quarter
Mining					
Total Material Mined	bcms	2,518,901	2,518,901	3,150,955	2,436,037
Ore Mined – tonnes	dt	369,646	369,646	550,580	420,308
Ore Mined – Mn grade	%	24.11	24.11	23.04	22.01
Production					
Lumps – tonnes	dt	125,621	125,621	163,067	94,244
Lumps – Mn grade	%	36.16	36.16	35.92	37.63
Fines – tonnes	dt	32,607	32,607	47,124	28,161
Fines – Mn grade	%	38.63	38.63	38.26	40.45
SPP Fines – tonnes	dt	23,634	23,634	22,734	52,307
SPP Fines – Mn grade	%	35.88	35.88	36.31	35.96
Total Production – tonnes	dt	181,862	181,862	232,925	174,712
Total Production – Mn grade	%	36.56	36.56	36.43	37.58
Sales					
Lumps – tonnes	dt	157,030	157,030	182,599	94,266
Lumps – Mn grade	%	36.04	36.04	36.65	38.21
Fines – tonnes	dt	39,617	39,617	19,871	15,669
Fines – Mn grade	%	39.18	39.18	39.21	42.72
SPP Fines – tonnes	dt	13,739	13,739	20,701	66,714
SPP Fines – Mn grade	%	37.42	37.42	36.95	36.70
Total Sales – tonnes (dry)	dt	210,386	210,386	223,171	176,649
Total Sales – Mn grade	%	36.72	36.72	36.91	38.04

The Bootu Creek Mine delivered production of 181,862 tonnes at an average grade of 36.56% Mn in the March 2011 Quarter.

Operations in the quarter were adversely impacted by extreme rainfall patterns that led to widespread flooding across northern and eastern Australia. The Bootu Creek Mine recorded a total of 808 millimetres (“mm”) of rain during the March quarter with the months of January receiving 192 mm over 11 days, February receiving 250 mm over 18 days and March receiving 366 mm over 14 days, totalling 43 separate rain days experienced during the quarter.

The first quarter rainfall of 808 mm was the highest quarterly rainfall recorded since the commencement of operations in 2006 and was 33% higher than the rainfall recorded in the previous highest 1st quarter and 58% higher than the average 1st quarter rainfall since the commencement of operations.

The extreme rainfall events caused localised flooding, suspending mining operations in the Shekuma and Chugga South pits for extended periods and reduced process plant throughput rates during the months of February and March.

Effective wet season planning and strategies implemented towards the end of 2010 allowed for the highest record January production of 75,806 tonnes. Whilst these strategies were effective to cope with an average wet season rainfall occurrence, they were not able to as effectively tolerate the severe rainfall events that followed the tail end of Cyclone Yasi which caused localised pit flooding and temporarily reduced ore supply to the process plant.

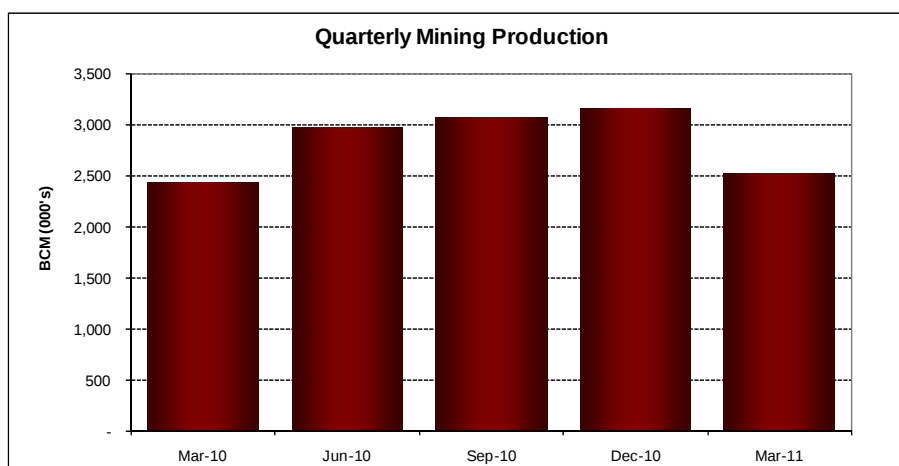
Mining

Mining activities during the March 2011 Quarter centred upon the Chugga South, Tourag, Shekuma pits and the commencement of development at the Masai pit on the western limb of the Bootu Creek syncline.

Approximately 2.52 million bank cubic metres ("bcm") of material was mined during the March 2011 Quarter. Total mining volumes were in line with movements in the corresponding period last year; however were 20% lower than the prior quarter due to the extreme rainfall events.

High grade ore stockpiles were depleted during February and the first half of March, but have since increased to normal levels by the end of the quarter as improved ground conditions allowed customary mining and haulage activities.

Mining operations at the Shekuma pit continued to be affected by wet ground conditions and mining activities have been temporarily reduced until the pit is fully dewatered with normalised operations expected to re-commence at the end of the second quarter / early third quarter. High grade ore supply will continue to be accessed from the newly developed Masai pit which has demonstrated improved process plant mass yields and very high manganese to iron ratios.



Shekuma Pit mid February 2011

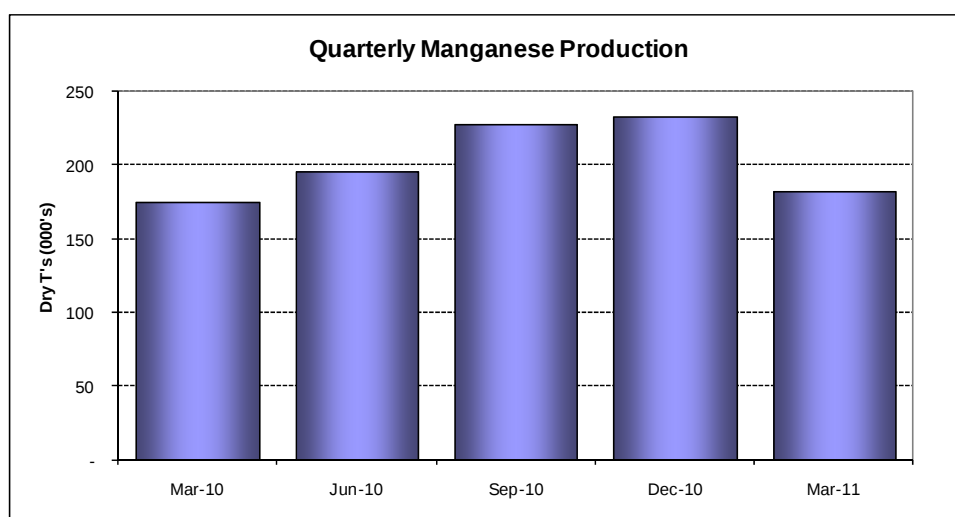


Processing

Production for the March 2011 Quarter was 181,862 tonnes at an average grade of 36.6% Mn. Whilst production was negatively impacted by the severe rainfall events in the March 2011 Quarter, the result was a record for first quarter production and an improvement of 4.1% over the corresponding period last year. The March 2011 quarterly production (including a record 75,806 tonnes in January 2011) was the highest production achieved in a first quarter wet season since commencement of operations and demonstrates that effective wet season strategies can be applied to an average rainfall scenario.

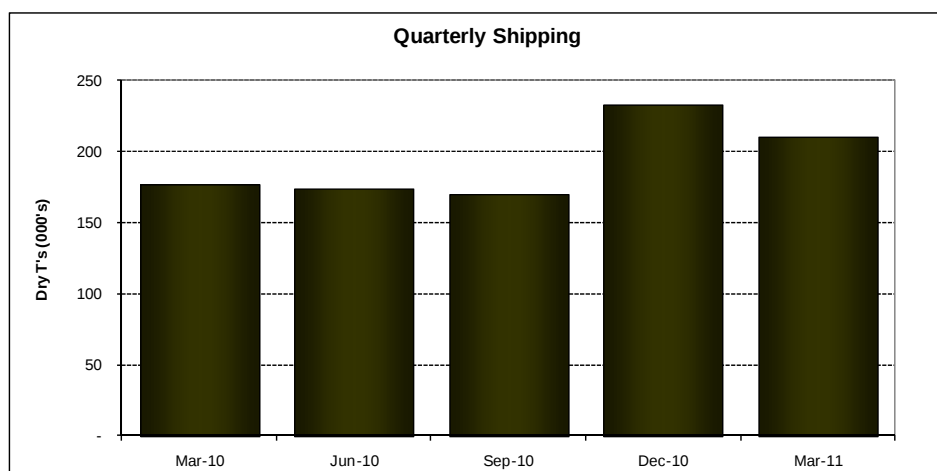
OMM is confident that the production target of 1 million tonnes for 2011 is expected to be achievable and that the production shortfall in the first quarter can be made up over the remainder of the calendar year. Production for the first 27 days of April 2011 was 91,022 tonnes at an average of over 3,371 tonnes per day with several days' production achieving over 4,000 tonnes per day. Production to date for the month of April has set a new monthly production record and is on track to achieve approximately 100,000 tonnes of product.

Production from the newly developed Masai pit has demonstrated high plant mass yields and metal recoveries with very high manganese to iron ratios. Ore from the new Masai pit is currently being mined from the higher end of the pit and it is dry and suitable for blending with material from other ore sources to provide a high grade feed source into the plant.



Logistics

During the March 2011 Quarter, a total of 210,386 dry tonnes (223,128 wet tonnes) of manganese product was exported in 5 shipments through the Port of Darwin.





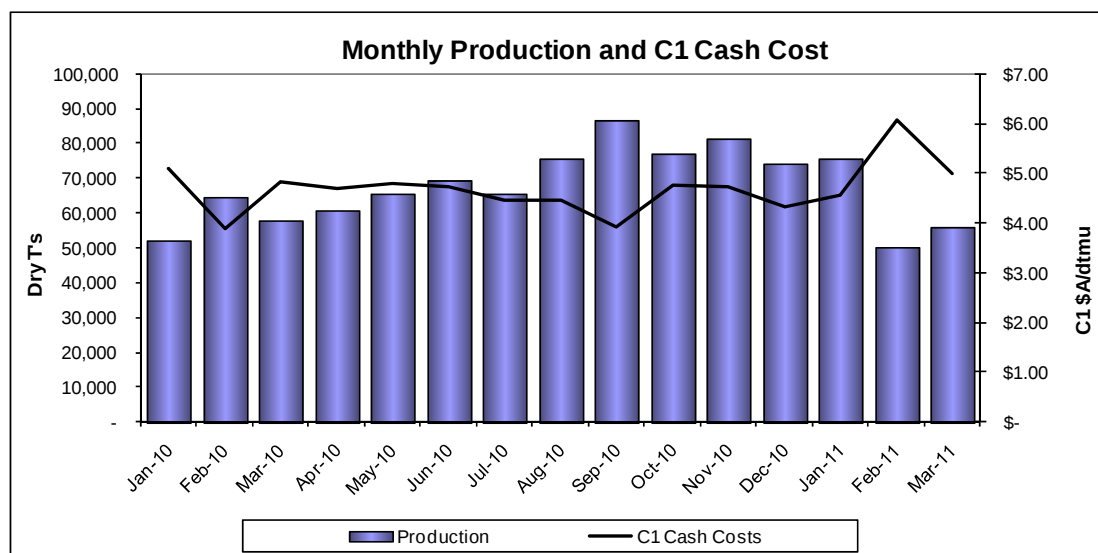
Unit Operating Costs

As previously announced in 2010, OMM undertook a large pre-stripping campaign of the high grade Shekuma pit and deferred certain of the mining costs of the cut-back so as to accurately match the benefit/revenue of the ores which are expected to be accessed in future periods. The deferred waste stripping costs associated with the cut-back are now being allocated as ore is accessed, based on the average strip ratio for the full cut-back over the estimated total cost to complete the full cut-back. During the March 2011 quarter, certain ore was accessed from the Shekuma pit and the total cost of accessing the ore together with the associated deferred waste costs were allocated to the costs of production.

During the March 2011 Quarter OMM pre-stripped and commenced development of the new Masai pit on the western limb of the Bootu Creek syncline. For consistency of approach, the Masai pit (and other future pits to be developed) waste stripping and development costs will be deferred and allocated to the costs of production as the ore is accessed, based on the average strip ratio for the full pit over the estimated total costs to complete the pit.

On a 'fully expensed' mining cost basis the Q1 2011 C1 unit cash cost was A\$5.11/dmtu. With the allocation of the deferred mining costs during this quarter, the 'deferred' mining cost basis of the C1 unit cash cost was A\$5.47/dmtu.

Monthly Production and C1 Cash Costs (excluding the adjustment for deferred mining) detailed below:



Exploration

Exploration at the Bootu Creek Project is planned to re-commence around mid May 2011 following delays as result of the extended wet season.

The 2011 program is intended to replace Mineral Resources scheduled for depletion by mining, through drill programs targeting delineation of extensions to the current Bootu Creek Mineral Resources and by the initial delineation of Mineral Resources at Renner Springs.

RC drilling on the Monax Mining Limited's Waddikee farmin project and the adjacent Archer Exploration Limited's Carappee Hill farmin project area in South Australia is nearing completion and results are expected to be announced in May 2011.

The information in this report which relates to Mineral Resources and Ore Reserves is based on information compiled by Mr Craig Reddell and Mark Laing, both full time employee of OM (Manganese) Ltd and who are Members of the Australasian Institute of Mining and Metallurgy, and modelled by Mr Mark Drabble a full time employee of Optiro Pty Ltd and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Reddell, Mr Laing and Mr Drabble 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 Drabble consent to the reporting of this information in the form and context in which it appears.



OMM Outlook

Production for the June 2011 Quarter is estimated to be 250,000 – 270,000 tonnes with full year 2011 production targeted at 1 million tonnes at a C1 unit cost below A\$4.00/dmtu (on a fully expensed basis) as the availability of high grade feed stocks and higher yielding ore are used concurrently with the implementation of further process optimisations and improvement initiatives.

PROCESSING

OM MATERIALS (QINZHOU) Co Ltd (“OMQ”) (100%, Guangxi, China)

Production from the Qinzhou smelter and sinter plant for the March 2011 Quarter is summarised below:

	Mar 2011 Quarter	FYTD 2011	Dec 2010 Quarter	Mar 2010 Quarter
Tonnes				
Production				
High Carbon Ferro Manganese("HC FeMn")	16,484	16,484	5,307	4,196
Mn Sinter Ore	58,381	58,381	18,005	5,649
Sales				
High Carbon Ferro Manganese("HC FeMn")	8,007	8,007	6,584	3,671
Mn Sinter Ore	8,946	8,946	6,616	NA

Production

During the March 2011 Quarter, OMQ produced 16,484 tonnes of High Carbon Ferro Manganese (“HC FeMn”), representing 293% year-on-year increase. The production result was achieved with the concurrent operation of both furnaces.

During the quarter, production of 58,381 tonnes of manganese sinter ores was achieved, representing an increase of 933% on a year-to-year basis. For the 8-month period since the sinter plant was commissioned in March 2010, the plant has achieved an average production capacity of 80%.

Sales

During the March 2011 Quarter, OMQ secured sales of 8,007 tonnes and 8,946 tonnes of HC FeMn and manganese sinter ores respectively. The lower sales volume for the March 2011 Quarter was attributable to the Chinese Lunar New Year celebrations during this period.

OMQ Outlook

With the fully optimised 2011 production schedule of both HC FeMn and sinter ore well underway, OMQ expects to produce 60,000 tonnes and 240,000 tonnes of HC FeMn and manganese sinter ores, respectively for the 2011 calendar year.



MARKETING AND TRADING, AND MARKET OUTLOOK

OM MATERIALS (S) PTE LTD (“OMS”) (100%, Singapore)
OM MATERIALS TRADING (QINZHOU) CO. LTD (“OMQT”) (100%, Guangxi, China)
OM HUJIN SCIENCE AND TRADE (SHANGHAI) CO. LTD (“OMA”) (70%, Shanghai, China)

Sales for the Marketing and Trading segment for the March 2011 Quarter is summarised as follows.

	Mar 2011 Quarter	FYTD 2011	Dec 2010 Quarter
Tonnes			
Sales			
OMM Manganese ores	162,972	162,972	172,813
Third Party Manganese ores	38,638	38,638	4,026

China crude steel production for January to March 2011 was 173.5 million tonnes, representing a 10.5% increase over the same quarter in 2010.

China imported 1.93 million tonnes of manganese ore in January and February 2011, representing a 3.3% increase over the same period in 2010. The manganese ore inventory in Chinese ports was estimated to have increased from 3.29 million tonnes in January 2011 to 3.75 million tonnes in March 2011. Consequently it was reported that the benchmark price of 44% Siliceous Lump was revised from USD6.00/dmtu (CIF) for April 2011 shipments to USD5.30/dmtu (CIF) for May 2011 shipments. With this reduction in price, supply from marginal ore producers especially low grade marginal high cost Chinese domestic producers is expected to reduce and thereby increase the consumption of high grade imported ores. With the onset of the wet season commencing from May in southern China and the lower power tariffs from the operation of hydro plants should induce smelters to increase utilisation rates and correspondingly increase the demand for manganese ore. Destocking of inventories at Chinese ports will take its course and strong replenishment of inventories is expected to be seen from Q3 2011 onwards.

The exclusive agency agreement for sales of NFE iron ore concentrate to the Asian market was finalised in January 2011. Prior to this agreement, 3 steel mills had trial cargoes and the feedback on the quality was favourable and more shipments to these steel mills are expected.

During the quarter, OMS shipped 77,433 wet tonnes of iron ore concentrate for a wholly owned subsidiary of Northern Iron Limited (ASX Code: NFE).



OM HOLDINGS LIMITED

CORPORATE

Tshipi e Ntle (“Tshipi”)

OMH has an effective 13% interest in Tshipi through its 26% strategic partnership with Ntsimbintle Mining (Proprietary) Limited (“Ntsimbintle”), the majority 50.1% owner of Tshipi. The remaining 49.9% share is owned by Jupiter Mines Limited (“Jupiter”).

Tshipi owns 2 prospects in the world class Kalahari Manganese field, namely Tshipi Borwa and Tshipi Bokone, adjacent the operating Mamatwan and Wessels mines respectively.

Tshipi Borwa

Tshipi reached a milestone in its development with the decision in February by the Tshipi board to commence with the development and construction of the Tshipi Borwa mine.

Construction

Activities during the March 2011 Quarter by Tshipi were dominated by resourcing for the commencement of construction of the Borwa mine. Developments included progression of the final design of the mine and associated surface infrastructure including the crushing and screening plant, the load out station and the rail siding. Final contracts with major suppliers such as those for the rail siding construction, rapid load out, mining contractors, plant developers and major machinery such as the crushers were initiated and neared completion towards the end of the Quarter. Firm contracts for these essential supplies, if not already entered into, will be awarded during the second quarter of 2011.

The project is progressing on schedule.

Logistics

Tshipi is assessing the use of the Durban port as an additional port to Port Elizabeth through which to ship manganese product. The existing port facility at Durban allows for deliveries by both road and rail transportation methods and the bulk export facility at the Durban port is undergoing expansion with the addition of a rotary tippler. Transnet, the state owned rail network operator, is improving its service delivery to Durban by addressing key aspects of the logistics chain. Tshipi remains confident that Durban will become a vital port for South African manganese exports. Tshipi has also qualified to participate in Transnet's Long Term allocation process which sets to allocate all entrants with rail and port capacity to Port Elizabeth.

Tshipi Bokone

Tshipi has completed its initial exploration programme at Bokone and is awaiting assay results before conducting a mineral resource estimate.



South-East Asia (“SEA”) Smelting and Sintering Plant

As part of the Group's strategy of expanding its operations within South East Asian, a wholly-owned subsidiary, OM Materials (Sarawak) (“OM Sarawak”) Sdn Bhd has executed an exclusive Memorandum of Undertaking with Syarikat SESCO Berhad, a wholly owned subsidiary of Sarawak Energy Berhad for the supply of electricity to OM Sarawak's proposed manganese and ferrosilicon alloy smelter, to be located in the State of Sarawak, Malaysia. It is proposed that both parties will enter into exclusive negotiations regarding a long term Power Purchase Agreement (“PPA”) for 500MW of power capacity to be utilised for the project. Both parties are targeting to finalise and sign the PPA by Q3 2011.

OM Materials Sarawak has accepted a letter of offer for 500 acres of land located in the Samalaju Industrial Park of Bintulu. Boundary land survey work is expected to be completed by end May 2011 and submitted to Bintulu Development Authority of Sarawak, whereupon final approval is expected by the end of September 2011 Quarter.

Capital

As at 31 March 2011 the Company had 504,085,185 ordinary shares and 31,020,000 unlisted options on issue.

Since the end of the quarter, a further 20,000 unlisted options have been exercised.

The Company declared a final dividend A\$0.02 per share which will be paid on 13 May 2011.

Annual Report

The Company advises that a misclassification occurred in “Note 37 Related Party Transactions” in the 31 December 2010 statutory accounts of the 2010 Annual Report. Ocean freight charges with an arm's length third party were inadvertently disclosed within Note 37.

Annual General Meeting

On 18 April 2011 the Company was served with an application made in the Federal Court of Australia by one of its Shareholders, Stratford Sun Limited (“SSL”). By the application SSL sought orders to, amongst other things, restrain the Company from submitting Resolutions 6, 7, 8 and 10 at its Annual General Meeting (“AGM”) held on 20 April 2011 (“Interlocutory Application”). The Interlocutory Application by SSL was heard in the Federal Court of Australia and was rejected. The Federal Court of Australia has also stated that the matters raised by SSL may be addressed after the AGM results are known and ordered SSL to provide particulars of its claim with a hearing set for 13 May 2011. The Company intends to vigorously defend any claims pursued by SSL.

At the AGM held on 20 April 2011, Shareholders also approved the issue of up to 345 million ordinary shares in relation to the proposed dual listing on the HKSE. At the AGM Resolutions 1 to 9 and Resolution 11 contained in the Notice of Annual General Meeting dated 24 March 2011, were all passed and Resolution 10 was not passed based on a poll conducted.

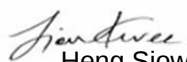
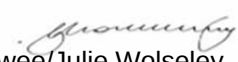
Resolution 10 which was not passed related to proposed changes to the Bye-laws. The Company is seeking legal advice as to the impact, if any, of Resolution 10 not being passed and its impact on the Hong Kong listing process. In the meantime, in light of Shareholders support for the Hong Kong listing, the Company will be continuing with its application to list in Hong Kong.



The Company was pleased to report that Shareholders holding over 83% of the Company's issued capital was represented in voting conducted at AGM. The level of Shareholder participation is commensurate with the importance of the issues being voted on and represented an actively participating Shareholder base.

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 2,600km².

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 holds a 26% investment in Ntsimbintle Mining (Proprietary) Ltd, which holds a 50.1% interest in the world class Tshipi Borwa manganese project in South Africa.

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;
- 11% shareholding in **Shaw River Resources Limited** (ASX Code: SRR), a company presently exploring for manganese in Western Australia and Ghana; and
- 19% shareholding in **Scandinavian Resources Ltd** (ASX Code: SCR), a company presently exploring for iron ore, manganese, gold and copper in Sweden and Norway.

OMH has also announced plans for a listing on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEx”) to further broaden the Company’s shareholder base internationally and give the Company access to future capital raising opportunities in the growing Asian market to support its longer term growth strategy.
