

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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

Dear Sir/Madam

JUNE 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)

- **Record Q2 2011 production of 265,543 tonnes grading 37.0% Mn, an increase of 46% over the previous quarter and an increase of 14% over the previous record production quarter achieved in Q4 2010**
- **Q2 2011 production includes record monthly production of 100,243 tonnes at 36.8% Mn in April 2011 and 98,812 tonnes at 37.6% in May 2011, demonstrating Bootu Creeks' capability of operating at an annualised production capacity of 1 million tonnes**
- **Record first half 2011 production of 447,405 tonnes grading 36.8% Mn**
- **Quarterly shipments achieved a record 260,749 dry tonnes (271,977 wet tonnes)**
- **The Q2 2011 C1 unit cash cost was A\$3.77/dmtu, on a fully expensed mining cost basis (A\$3.43/dmtu on a deferred mining cost basis)**



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

- Record quarterly production of 21,361 tonnes of High Carbon Ferro Manganese ("HC FeMn"), representing a 30% quarter-on-quarter increase
- Record quarterly production of 67,896 tonnes of manganese sinter, representing a 16% quarter-on-quarter increase
- The smelter is well on track to achieving its annual budgeted production target of 60,000 tonnes of HC FeMn and 240,000 tonnes of manganese sinter ores respectively
- No power supply constraints during the Quarter
- Record sales of 14,750 tonnes of HC FeMn and 43,022 tonnes of manganese sinter ores achieved during the Quarter

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

- Q2 2011 quarterly sales of 271,977 tonnes of OMM product and 33,000 tonnes of third party manganese product
- H1 2011 sales of 434,949 tonnes of OMM product and 71,638 tonnes of third party manganese product

MARKET OUTLOOK

- China crude steel production for Q2 2011 of 179.2 million tonnes, representing an 8.7% increase over the prior year corresponding quarter. Crude steel production for H1 2011 stands at 353 million tonnes against 320 million tonnes for the previous corresponding period, a 10% increase
- Manganese ore demand remains robust. While port inventories remained at high levels during Q2 2011 the destocking process was clearly evident. Producer inventories appeared to have significantly eased towards the end of Q2 2011
- The 44% Mn grade benchmark price stabilised during the Quarter and the monthly spot price of US\$5.30/dmtu CIF China has now rolled over into August 2011 shipments. At the current price level Chinese smelters are shifting away from purchasing Chinese domestic low grade ores in favour of increased usage of imported high grade ores, on the basis of both commercial and technical considerations. This market dynamic further accelerates the imported ore port destocking process
- General power supply constraints during Q2 2011 impacted on Chinese alloy output. The onset of the wet season in June and the corresponding decline in power costs, coupled with tight supply of manganese alloys is expected to drive up demand for manganese ores as alloy producers seek to increase alloy production



TSHIPI BORWA MINE (13% indirect interest)

- Tshipi Borwa mine development underway with major contracts awarded; initial site clearing and road development commenced
- Recent exploration drilling highlighted the identification of further mineral resource extensions to Tshipi Borwa and a potential maiden mineral resource for Tshipi Bokone

EXPLORATION AND MINING

OM (MANGANESE) LTD (“OMM”)

BOOTU CREEK MANGANESE MINE (100%, Northern Territory, Australia)

Production from the Bootu Creek Mine for the June 2011 Quarter is summarised below:

	Unit	June 2011 Quarter	FYTD 2011	Mar 2011 Quarter	June 2010 Quarter
Mining					
Total Material Mined	bcms	3,055,918	5,574,819	2,518,901	2,983,208
Ore Mined – tonnes	dt	536,713	906,359	369,646	519,471
Ore Mined – Mn grade	%	22.34	23.06	24.11	21.66
Production					
Lumps – tonnes	dt	180,486	306,107	125,621	125,457
Lumps – Mn grade	%	36.69	36.47	36.16	36.98
Fines – tonnes	dt	51,058	83,665	32,607	37,406
Fines – Mn grade	%	38.09	38.30	38.63	39.05
SPP Fines – tonnes	dt	33,999	57,633	23,634	32,893
SPP Fines – Mn grade	%	37.21	36.66	35.88	36.19
Total Production – tonnes	dt	265,543	447,405	181,862	195,756
Total Production – Mn grade	%	37.03	36.84	36.56	37.24
Sales					
Lumps – tonnes	dt	177,636	334,666	157,030	115,076
Lumps – Mn grade	%	36.65	36.36	36.04	37.92
Fines – tonnes	dt	57,398	97,015	39,617	19,608
Fines – Mn grade	%	38.38	38.71	39.18	40.12
SPP Fines – tonnes	dt	25,715	39,454	13,739	38,826
SPP Fines – Mn grade	%	36.82	37.03	37.42	37.46
Total Sales – tonnes (dry)	dt	260,749	471,135	210,386	173,510
Total Sales – Mn grade	%	37.05	36.90	36.72	38.07

The Bootu Creek Mine delivered record production of 265,543 tonnes at an average grade of 37.0% Mn in the June 2011 Quarter - the highest quarterly production record since commencement of operations.

The June quarterly production result demonstrates that the mine is capable of operating at an annualised production capacity above 1 million tonnes.

Half yearly production stands at a record 447,405 tonnes at an average grade of 36.8% Mn.

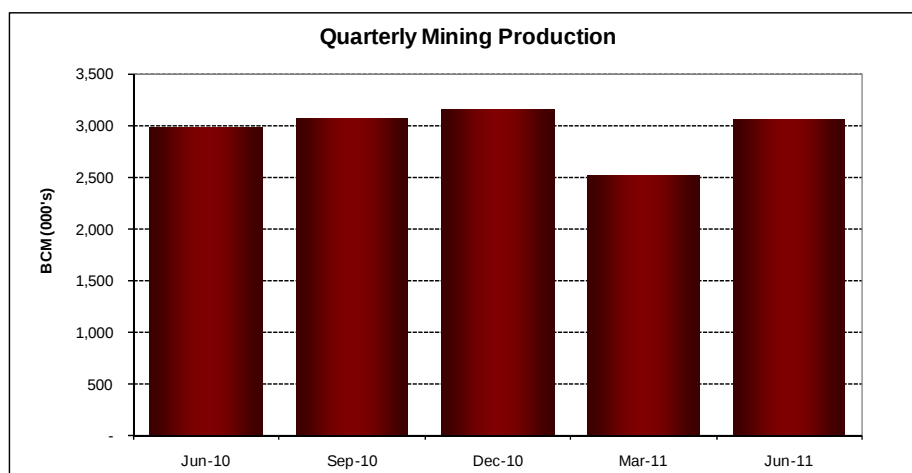
Mining

Mining activities during the June 2011 Quarter were predominately centred upon the newly developed Masai pit on the western limb, and the Shekuma and Chugga North pits on the eastern limb of the Bootu Creek syncline.

Approximately 3.1 million bank cubic metres ("bcm") of material was mined during the June 2011 Quarter as improved ground conditions across the majority of operating pits allowed for normalised operations.

High grade ore supply for the Quarter was accessed from the newly developed Masai pit which has demonstrated improved processing plant mass yields and very high manganese to iron ratios.

Mining operations at the Shekuma pit were affected by wet ground conditions following severe rainfall events in Q1 2011 and mining activities were temporarily restricted whilst the pit was dewatered and normalised operations re-commenced at the end of June.



Masai Pit Operations (May 2011)

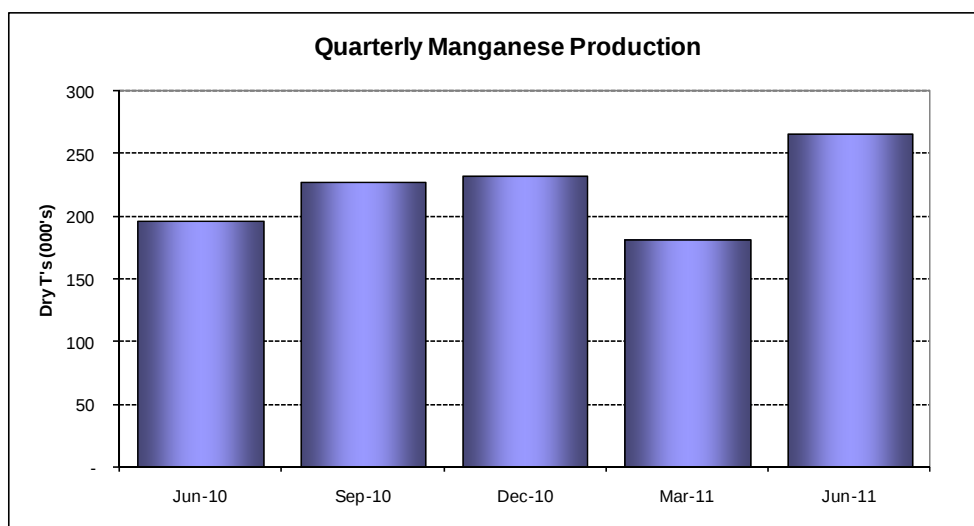


Processing

Production for the June 2011 Quarter was 265,543 tonnes at an average grade of 37.0% Mn which was a record quarterly production result since commencement of operations. The quarterly production result represents an improvement of 46% over the previous quarter; where Q1 2011 production was adversely affected by severe rainfall events; and an improvement of 14% over the previous record quarter achieved in December 2010.

Production for the respective months of the June Quarter were; April 100,243 tonnes at 36.8% Mn, May 98,812 tonnes at 37.6% Mn and June 66,488 tonnes at 36.5% Mn.

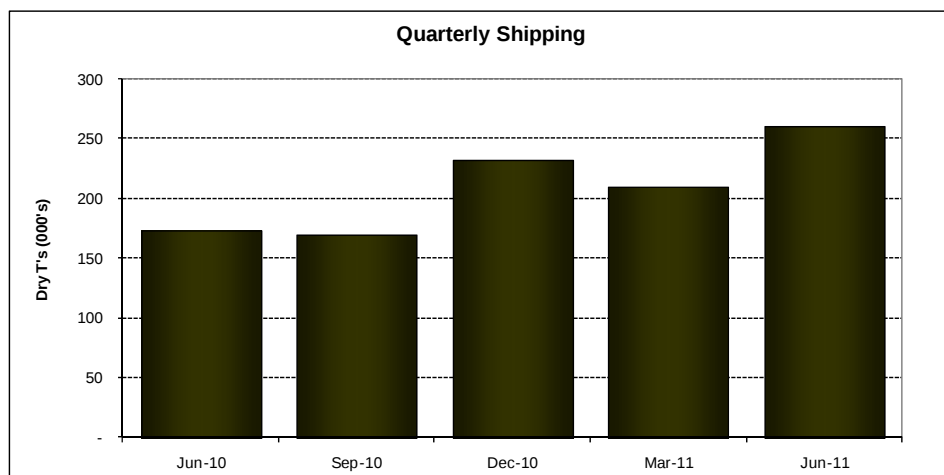
A scheduled bi-annual maintenance shutdown was brought forward from the September 2011 Quarter to late in the second quarter to (amongst other things) reline the scrubber and drum liners, fabricate and refurbish several chutes and reline various bins and feeders. Modifications were undertaken on the Secondary Processing Plant with the installation of a dedicated cone crusher to increase the re-processing feed crushing rates. The maintenance shutdown lasted approximately eight days over the end of June to early July 2011 period and required a full shutdown of processing operations. Since the plant was successfully restarted, daily production rates have averaged more than 3,000 tonnes per day.





Logistics

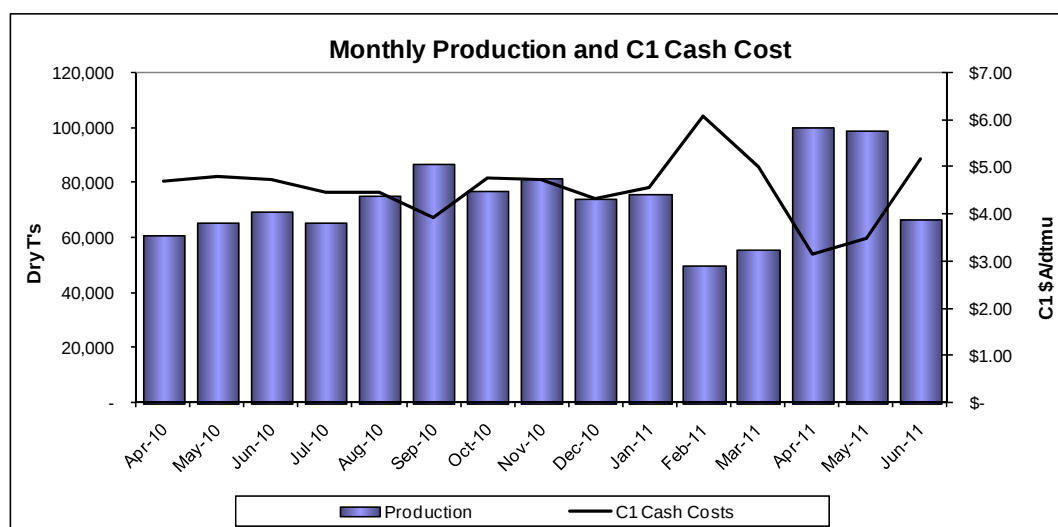
During the June 2011 Quarter, a record total of 260,749 dry tonnes (271,977 wet tonnes) of manganese product was exported in 7 shipments through the Port of Darwin.



Unit Operating Costs

C1 unit cash operating costs for the June 2011 Quarter were A\$3.77/dmtu on a “fully expensed” mining cost basis. The C1 unit operating costs for the respective three months were; April A\$3.16/dmtu; May A\$3.48/dmtu and June A\$5.15/dmtu with June monthly production being affected by a scheduled maintenance shutdown that was originally planned for Q3 2011. The scheduled maintenance was brought forward to June due in part to accelerated wear and tear rates from the record production outputs achieved in April and May. Allowing for deferred mining cost adjustments, the adjusted C1 unit cash operating cost for the Quarter was A\$3.43/dmtu.

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

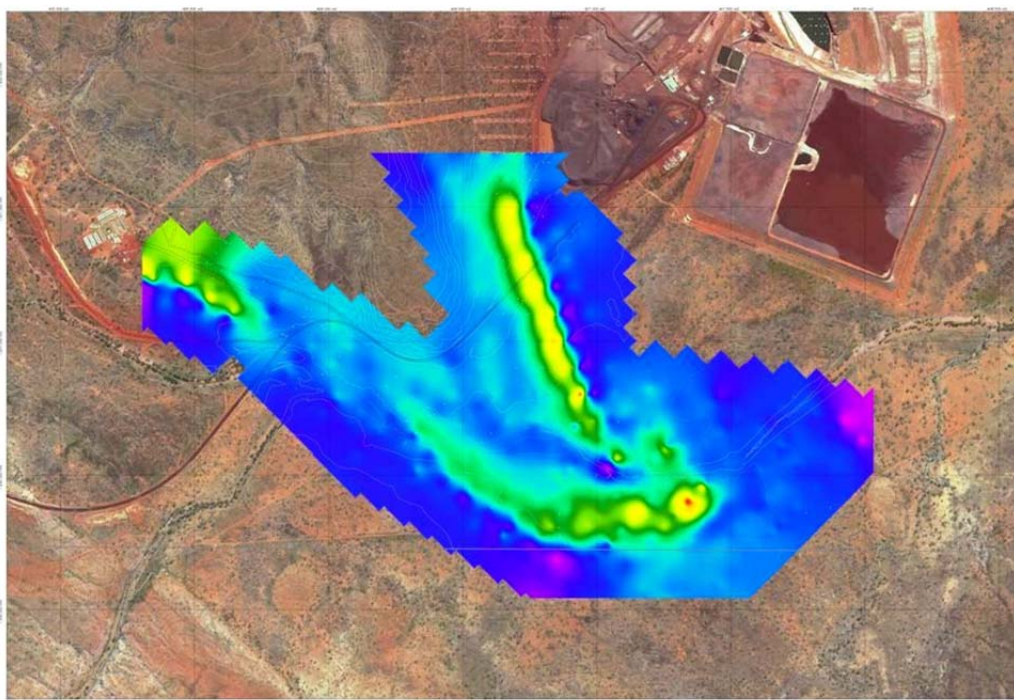




Exploration

Exploration at the Bootu Creek Mine re-commenced in mid May 2011 following an extended wet season. Gradient Array IP (GAIP) surveys were completed successfully over several prospects including Chugga North extension, Zulu South, Fold Nose, Carruthers extension, Renner West and Renner Central, outlining the extent of manganese mineralisation in each case.

The 2011 drill program is intended to replace Mineral Resources depleted by mining during 2011. 10,028 metres of RC drilling was completed during the June quarter, including infill drilling at Zulu and Chugga North and first pass mineral resource delineation at the Zulu South and Fold Nose prospects. Further infill drilling is planned on these two newly delineated deposits, prior to Mineral Resource estimation scheduled for the end of 2011.



GAIP geophysical survey of Zulu South and Fold Nose prospects (Bootu Creek)

RC drilling in the September quarter is planned to delineate initial Mineral Resources at the Renner West and Renner Central prospects.

Monax Mining Limited announced encouraging RC drill intercepts (ASX:MOX 9 May 2011) at the Hodgins prospect located near the northern end of its Waddikee project in South Australia. These holes were drilled as part of a regional exploration program and intersected 11m at 20.8% Mn (HRC03), 14m at 16.8% Mn (HRC01) (both approx. true width) and 52m at 21.1% Mn (drill down dip). OMM is earning a 60% interest through the expenditure of A\$2 million over a 4 year farm-in agreement with Monax.

The information in this report which relates to the Reporting of Exploration Results is based on information compiled by Mr Craig Reddell, a full time employee of OM (Manganese) Ltd and 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 undertaken 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 consents to the reporting of 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, Mineral Resources or Ore Reserves 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 a minimum of five years relevant experience in the style of mineralisation and type of deposit under consideration and qualifies 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 Ferris consents to the inclusion of the information in this report in the form and context in which it appears



PROCESSING

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

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

	June 2011 Quarter	FYTD 2011	Mar 2011 Quarter	Jun 2010 Quarter
Tonnes				
Production				
High Carbon Ferro Manganese ("HC FeMn")	21,361	37,845	16,484	9,958
Mn Sinter Ore	67,896	126,277	58,381	34,352
Sales				
High Carbon Ferro Manganese ("HC FeMn")	14,750	22,757	8,007	10,633
Mn Sinter Ore	43,022	51,968	8,946	2,514

Production

During the June 2011 Quarter, OMQ achieved record production of 21,361 tonnes of High Carbon Ferro Manganese ("HC FeMn"), representing a 30% quarter-on-quarter increase and achieved a new production milestone since the smelter commenced operations. The solid production results for the March and June 2011 quarters yielded a H1 2011 record of 37,845 tonnes of HC FeMn, and the operations are on track to achieving an annual production output of 60,000 tonnes for 2011.

Record production of 67,896 tonnes of manganese sinter ores was achieved during the June 2011 Quarter, representing a 16% quarter-on-quarter increase. With the H1 2011 production volume of 126,277 tonnes, the sinter plant is on track to achieve its targeted 2011 annual production of 240,000 tonnes.

Sales

During the June 2011 Quarter, OMQ secured sales of 14,750 tonnes and 43,022 tonnes of HC FeMn and manganese sinter ores respectively. The increased sales volume was due primarily to the recovery of steel production in the Chinese domestic market during the June 2011 Quarter.

OMQ Outlook

Chinese steel demand is expected to strengthen further in Q3 2011 as steel mills increase production to take advantage of the cheaper power costs during the wet season. Demand led pressures on ferroalloys are expected to have a positive impact on OMQ's sales results. Manganese alloy prices are expected to remain stable until the port de-stocking of imported manganese ores gains further momentum during Q3 and Q4 2011.



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 June 2011 Quarter is summarised as follows.

	June 2011 Quarter	FYTD 2011	Mar 2011 Quarter	June 2010 Quarter
Tonnes				
OMM manganese ores	271,977	434,949	162,972	181,198
Third party manganese ores	33,000	71,638	38,638	46,541

China crude steel production for the period from April to June 2011 was 179.2 million tonnes, representing an 8.7% increase over the corresponding quarter in 2010 and a 3.2% increase as compared to the previous quarter. China produced 59.9 million tonnes of crude steel in June, down marginally 0.5% from the record 60 million tonnes in May. Year-to-date production for H1 2011 was 353 million tonnes against 320 million tonnes during the same period in 2010, up 10% year-on-year.

Comparatively, global crude steel also paints a healthy picture in 2011, growing by 8% year-on-year to 127.7 million tonnes in June, but fell 2% on a month-on-month basis as the traditional summer slowdown began to set in. Global Q2 2011 crude steel production grew by 2.1% quarter-on-quarter to 384 million tonnes, and year-to-date crude steel production for H1 2011 was 760 million tonnes against 704.7 million tonnes during the same period in 2010.

China imported 2.44 million tonnes of manganese ores during April and May 2011, representing a 7.8% increase over the same period in 2010. Chinese port stocks were estimated at 3.97 million tonnes in June 2011. Monthly incremental port inventory changes though clearly indicate high grade seaborne ore consumption growth. It was reported that the monthly spot price of 44% Mn Siliceous Lump remains unchanged since May 2011 at USD5.30/dmtu (CIF) and has rolled over to August 2011 shipments. At current ore pricing, ore users are shifting from Chinese domestic low grade ores to the imported high grade ores as part of their overall blending strategy based on both commercial and technical considerations. With the onset of the wet season in June, the lower power costs, coupled with tight supply of manganese alloys in the market has prompted alloy producers to increase their production to take advantage of expected alloy price increases.



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, the majority 50.1% owner of Tshipi. The remaining 49.9% share is owned by Jupiter Mines Limited.

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

Tshipi Borwa

In February 2011 the Tshipi board approved the commencement of the development and construction of the Tshipi Borwa mine and the project is progressing satisfactorily. During the June Quarter, site establishment works included the perimeter fencing of the project area and the commencement of bulk earthworks.

Construction

Activities during the June 2011 Quarter were dominated by the award of contracts to major suppliers such as those for bulk earthworks (including all soil compacting), rail siding construction, rapid load out, plant construction and crusher fabrication. Sourcing for rock and water, which is essential for road construction and soil compacting has been concluded with neighbouring mines. The design of the mine and its associated surface infrastructure including the crushing and screening plant, the load out station and the rail siding have all been finalised. The primary jaw crusher was ordered in April 2011 to accommodate its long lead-time item status, with delivery scheduled for Q2 2012. Final negotiations with shortlisted mining contractors are well progressed with an expectation to award the relevant contract and commence pre-stripping anticipated to occur during the September quarter.

Assay results received during the June 2011 Quarter have delineated the sub-crop mineralisation with independent geological consultants engaged to update the Mineral Resource estimate during the September 2011 Quarter.

Logistics and Human Resources

Discussions are ongoing with TransNet, the state-owned rail network operator to secure rail allocation to Port Elizabeth and Durban. Mr Frik Gibhard, a former manager from TransNet, has been appointed as Tshipi's Logistics Manager.

Tshipi Bokone

Assay results received during the June Quarter for the Bokone project confirmed the continuity of mineralisation with independent geological consultants engaged to conduct a Mineral Resource estimate during the September 2011 Quarter.



Perimeter Fencing



Plant Site Cleared



Capital

As at 30 June 2011 the Company had 504,105,150 ordinary shares and 31,000,000 unlisted options on issue.

HKSE Dual Listing and Growth Strategy

Subsequent to the end of Q2 2011 the Company announced that in light of the unfavourable market conditions, global market volatilities, the current state of the manganese market and the Company's recent share price performance, the Board had formed a view that the proposed dual listing on the HKSE was not currently in the best interests of the Company and has decided to discontinue with its plans to pursue a dual listing on the HKSE.

Accordingly the Company will now actively evaluate a number of alternative strategic approaches previously announced with respect to ensuring it is appropriately positioned both strategically and financially to execute its growth strategy.

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 2,800km².

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;*
- *8% shareholding in **Shaw River Resources Limited** (ASX Code: SRR), a company presently exploring for manganese in Western Australia and Ghana; and*
- *16% shareholding in **Scandinavian Resources Limited** (ASX Code: SCR), a company presently exploring for iron ore, manganese, gold and copper in Sweden and Norway.*