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OM HOLDINGS REPORTS RECORD SMASHING QUARTER

HIGHLIGHTS

- **Bootu Creek**
  - **14% increase on previous record quarterly production**
  - **New monthly production records during April and May**
  - **Record first half production of 447k tonnes**
  - **Quarterly shipment record of 261k dry tonnes**
- **Qinzhou**
  - **Record quarterly production of HCFeMn alloy and manganese sinter**
  - **Record quarterly HCFeMn alloy and manganese sinter sales**
- **Marketing and Trading**
  - **First half 2011 sales of 435k tonnes of equity product and 72k tonnes of third party product**
- **Tshipi Borwa mine development well underway**
- **Operational and strategic review underway**

International diversified minerals group, OM Holdings Ltd **(ASX Code: OMH) ("OMH" or "the Company)** is pleased to announce another record breaking quarter at its Bootu Creek Manganese Mine in the Northern Territory and its Qinzhou Manganese Smelter and Sinter Plant in China.

During the second quarter of 2011 the Company established new production and shipping records at Bootu Creek and record production and sales at Qinzhou. It topped that performance with delivering a record first half production at Bootu Creek.

OMH Chief Executive Officer, Peter Toth, said the string of record breaking achievements was a clear indication that the Company's operating strategy is on the right track.

"The Company is extremely pleased with its operational performance during the quarter. These achievements are the direct result of the successful implementation of our operating and marketing strategies during the past 12 to 18 months.

It is pleasing to see a well thought out strategy being implemented in a skillful way achieving ambitious targets by a great team of people working well together," Mr Toth said.

During the second quarter at Bootu Creek OM Holdings achieved:

- Record production of 265,543 tonnes grading 37% Manganese (Mn), an increase of 46% over the previous quarter and an increase of 14% over the previous record quarter achieved in Q4 2010;
- Record monthly production in April and May of 100,243 tonnes at 36.8% Mn and 98,812 tonnes at 37.6% Mn respectively;

- A record shipment level of 260,749 dry tonnes (271,977 wet tonnes); and
- C1 unit cash cost of A$3.77/dmtu, on a fully expensed mining cost basis.

The above record quarterly production rates and a first half production record of 447,405 tonnes, grading 36.8% Mn, again demonstrates that OM Holdings is capable of achieving an annualised operating capacity of 1 million tonnes at Bootu Creek.

OM Holdings also achieved a number of highlights during the second quarter at Qinzhou, including:

- Record quarterly production of 21,361 tonnes of High Carbon Ferro Manganese (HC FeMn), up 30% on the previous quarter;
- Record quarterly production of 67,896 tonnes of Manganese sinter, a 16% jump on the previous quarter; and
- Record sales of 14,750 tonnes of HC FeMn and 43,022 tonnes of Manganese sinter ores.

These figures indicate that the Qinzhou smelter is running well and is on track to achieve its budgeted annual production target of 60,000 tonnes of HC FeMn and 240,000 tonnes of Manganese sinter ores respectively.

OM Holdings continues to work successfully with its partners in progressing development work at the world-class Tshipi Borwa manganese deposit in South Africa, with a number of major contracts awarded and the commencement of site clearing and road development activity.

Mr Toth said the significant results recorded during the second quarter follows close-on-the-heels of OM Holdings recent announcement of a major strategic review of the Company's activities.

The Company is in the process of examining the potential de-merger of the Company's smelting and marketing/trading businesses from its existing mining operations in order to:

- Seek to align the businesses' core activities, geographical focus and strategic direction with Shareholders' expectations;
- Create a focused and streamlined structure for unlocking and extracting currently unrecognised and unrealised Shareholder value for all OMH Shareholders; and
- Ensure that the respective standalone businesses are able to attract long term strategic partners and investors in order to raise capital to execute their respective strategies as appropriate.

"Our robust operational performance provides a solid foundation on which to execute our growth strategies," Mr Toth said.

"While the manganese market remains challenging the signs for the second half of 2011 are positive. Customer demand remains robust, producer inventories are reducing and there is a demonstrable shift away from Chinese domestic ore usage towards imported high grade ore consumption, driven by both commercial and technical considerations. This dynamic will contribute to the reduction of Chinese port stocks, lead to continued strong demand for imported high grade ores and underpin a gradual improvement in spot price outcomes" Mr Toth added.

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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 1,000,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 2,800km^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 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;*
- *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 Ltd** (ASX Code: SCR), a company presently exploring for iron ore, manganese, gold and copper in Sweden and Norway.*