



## **ACQUISITION OF KARIBA URANIUM PROJECT IN SOUTHERN AFRICA**

*The Directors of OmegaCorp Limited (the “Company”) are pleased to announce that they have signed a Memorandum of Understanding (MOU) with Okorusu Fluorspar Pty Ltd (“Okorusu”) to earn a 70% interest in the Kariba Uranium Project (“KUP”) in Zambia in Southern Africa. The KUP is located some 200 kilometres south of Lusaka and comprises a single prospecting licence covering 2521 square kilometres. It is recognised to contain several uranium occurrences with two containing target areas of defined mineralisation.*

*The KUP is approximately 225 kilometres west of the Company’s Zambezi Valley Project (ZVP) – see announcement 10 March 2005) and is a significant addition to the Company’s expanding portfolio of uranium assets in Southern Africa.*

*Outcropping uranium mineralisation was discovered in the KUP area in 1957, with follow-up work between 1973 – 1977 by the Geological Survey of Zambia (GSZ) and a period of detailed assessment 1974 – 1984 by AGIP SA (an Italian fuel oil company) in their countrywide search for uranium mineralisation. During this period AGIP is reported to have spent approximately US\$110 million in Zambia on exploration. Between 1957 and 1984, work completed on the licence area included airborne magnetic and, radiometric surveys, land borne scintillometer surveys, mapping, sampling and both core and percussion drilling.*

*The areas of known mineralisation are in Karoo sediments and all were reportedly defined from outcropping mineralisation. Both primary and secondary mineralisation has been identified and work has now commenced to acquire all available existing data on the KUP, so that compilation and computation of JORC compliant estimations may be completed where appropriate and an economic assessment of the project can be made.*

*Under the terms of the MOU, once final due diligence is completed, the Company has agreed to expend a minimum of US\$250,000 over two years and a further US\$750,000 over two years to advance to a 70% equity in the KUP. Once the earn-in period is complete, a Joint Venture will be established on defined terms.*

*The Company considers that this is a significant addition to the Company’s portfolio of advanced exploration projects in Southern Africa. The Company will quickly move to assess the economic parameters of each project with a view to ultimately advancing the Projects to production.*

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## ***Introduction***

The Company has entered in to an MOU with Okorusu Fluorspar Pty Ltd, which holds a Prospecting Licence (PL) 237 in the Kariba region of southern Zambia. The licence covers approximately 2521 km<sup>2</sup> and is held for fuel minerals, precious metals, base metals and industrial minerals and is valid until 21 October 2006. Under the terms of the agreement the Company will conduct exploration primarily to assess the uranium potential of the area.

Uranium was first identified in the area in 1957 after a car borne survey located five anomalous areas in the vicinity of Bungua Hill, west of Siavonga (**Figure 1**). Follow up by Chartered Exploration in 1958 and 1959 found low-grade uranium mineralisation that could be followed for over 800 m of strike extent. Confirmation of this uranium mineralisation defined in two campaigns, with the investigation (1973 to 1977) by the Geological Survey of Zambia (GSZ) and the second (1974 to 1984) by the Italian oil company AGIP SA (“AGIP”).

### ***Geological Survey of Zambia Activities (1973 – 1977)***

Ground based exploration by the GSZ commenced in 1974 with an airborne geophysical survey flown by Geometrics under contract to the GSZ and was used to identify areas of anomalous radiometric response. These were followed up in the field and the source of these anomalies identified. Although most were explained, a number remained unexplained and it is possible that some anomalies may have been missed due to the irregular terrain and the then absence of digital reprocessing.

A total of seven targets were further investigated with ground radiometric surveys, geological mapping and both core and percussion drilling. During this period, no resource grade/tonnage estimates were given and the area was handed over to AGIP SA, who completed further assessment in the area.

### ***AGIP Activities (1974 – 1984)***

AGIP completed extensive survey, mapping and delineation of the uranium mineralisation and numerous prospects were investigated in detail. The AGIP data are now being sourced so that they may be entered into the GIS database for the project to allow a focus for future exploration and economic assessment. It is also understood that AGIP completed resource estimations for at least two of the prospects within the licence and confirmation of these is now being sought.

## ***Geological Setting***

The area is situated in the Southern Province of Zambia about 200 km south of Lusaka immediately north of Lake Kariba. The licence is within the Zambezi Rift valley and consequently the area is hilly with large, fault-bounded valleys filled with Permian, Triassic and possibly Cretaceous sediments of the Karoo Super group. The basement lithologies in this region are mainly high-grade gneisses and granitoids of the Mesoproterozoic Gwembe Group. Some quartzite is present at Bungua Hill and may be Katangan (Neoproterozoic) in age.

The Karoo rocks are generally flat lying and composed of sandstones and mudstones. The sequence is divided into the upper and lower Karoo Group, with the upper contact of the Madumabisa Mudstone Formation, separating the two. The following stratigraphy has been defined:

3 – 16 m	Interbedded Mudstone and sandstone Formation	
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		Upper Sandstone Member (S4)
150 – 200 m	Escarpment Grit Formation	Middle Sandstone Member (S2, S3)
		Lower Sandstone Member (S1)
~~~~~paraconformity~~~~~		
100m	Madumabisa Mudstone Formation	
3 – 5 m	Basal sandstone and conglomerate	
~~~~~unconformity~~~~~		

### **BASEMENT**

The uranium mineralisation identified to date appears to be restricted the Escarpment Grit Formation (EGF). The Madumabisa Formation mudstones form an impermeable unit and prevented uranium mineralisation from moving further down through stratigraphy. Mineralisation is associated with iron-rich areas (goethite) as well as secondary uranium being distributed within mud flakes and mud balls as well pore spaces, joints, and other fractures.

It is probable that the uranium was eroded from the surrounding gneissic and plutonic basement rocks during weathering and deposition of the immature grits and sandstones. The uranium was transported together with this material in a presumably arid environment. Uranium was precipitated during reducing conditions in certain favourable units. Later fluctuations in the groundwater table caused oxidation of this material; uranium was again dissolved and then redeposited in reducing often clay-rich areas with a certain degree of enrichment.

Several of these prospects now lie within the bounds of the licence area and are discussed below. The following descriptions draw from heavily from GSZ data and it is understood that further work was completed by AGIP, which is currently being sourced.

#### ***Mutanda and Dibwe Prospects (Figure 1)***

Mutanda is located 31 kilometres northwest of Siavonga and is the largest known fracture-controlled target, hosted in northeast/southwest trending EGF. The target is extensively oxidised and contains mostly autunite and torbernite, with very little pitchblende<sup>1</sup>. It is understood that 9300m of percussion drilling has been completed at Mutanga and a trial heap leach is reported to have been completed.

Dibwe is located several kilometres to the southwest of Mutanda and is reported to have been a focus of exploration with over 2000m of drilling being completed.

#### ***Bungua***

Bungua comprises seven prospects south of Bungua Hill and from west to east are defined by Chizwabowa East, Kaumpwe A, B, C, D, and Lutele. These prospects cover approximately 7.5 kilometres of strike of the northeast/southwest trending EGF.

The first uranium mineralisation was identified in 1957 and later geophysical surveys identified a group of radiometric anomalies over approximately fifteen kilometres of strike. The individual anomalies were defined in the field with ground-based surveys and

were found to be confined to the northeast/southwest trending Upper Sandstone member of the EGF. Individual anomalous zones were found to extend for 200-1000m with uranium counts varying from 100-3300 cps. Follow-up mapping, sampling, trenching was completed.

The GSZ completed over 6000m of percussion and diamond drilling on the Kaumpwe A prospect. The mineralisation was quantified by gamma-ray logging down hole and XRF check analysis by the GSZ. The mineralisation occurs in several levels and dips gently to the southeast. The mineralised levels vary in thickness from 0.22-3.5m, with the exception of one section of 14.3m. Mineralisation has been intersected at a maximum depth of 200m.

XRF analysis from Kaumpwe A indicates that the uranium mineralisation is mainly in the form of autunite, uranophane, phosphuranylite and gorcexite. Other secondary uranium minerals were also identified. Average values of some surface exposures is in the range 1.0% – 2.3% U<sub>3</sub>O<sub>8</sub>. A single clay nodule sample reported 6.24% U<sub>3</sub>O<sub>8</sub>.

The Kaumpwe B prospect is 1.5 kilometres to the east of Kaumpwe A and the mineralogy is dominated by phosphuranylite with surface sampling averaging of 1.51% U<sub>3</sub>O<sub>8</sub>. The Kaumpwe C and D prospects, three kilometres northeast of Kaumpwe A have a similar mineralogy to Kaumpwe A, and XRF surface sample recorded by GSZ gave values ranging from 0.34 – 2.32% U<sub>3</sub>O<sub>8</sub>.

The south western margin of Kaumpwe A is truncated by a northwest/southeast trending fault right lateral strike slip fault, displacing the EGF by over 1.5 kilometres to the northwest. This is considered to be a laterally displaced extension of Kaumpwe A and is referred to as Chizabowa East and meta-autunite has been identified in float by the ZGS. The ZCS also considered that this area may contain a buried uranium deposit at depth.

The area west of the Lutele River (Lutele), some seven kilometres northeast of Kaumpwe A was also recognised to contain outcropping mineralisation. Here both boltwoodite and phosphuranylite were identified and XRF values of surface samples collected in the area ranged from 1.2-2.29% U<sub>3</sub>O<sub>8</sub>.

## **Due Diligence**

Shareholders and potential investors should note that prior to OmegaCorp executing the MOU it conducted a high-level review and assessment of the information provided in respect to the project. OmegaCorp will now be undertaking a more comprehensive due diligence process with respect to the acquisitions (including title, access, environmental and other risks).

As the MOU and any subsequent formal documentation are conditional, and there is a risk that the acquisition contemplated by this announcement may not be completed. If the acquisition is not completed, the expenditure incurred by OmegaCorp in relation to the project will need be written off.

## **REFERENCES**

1) Watts, Griffis and McQuat Limited, 1991, Assessment of mineral exploration opportunities in Zambia. Unpublished Report, Watts, Griffis and McQuat, Toronto, Canada, 566pp.

Ministry of Mines and Mineral Development, (2001) The Geology and Mineral Resources of Zambia, Memoir No. 6.

Prasad, R. S. , Money, N.J. and Thieme, J.G (1977). The Geology of the Uranium Mineralisation in the Bungua Area, Siavonga District. Occnl. Paper No. 90, Geological Survey of Zambia, Uranium Deposits of Africa Zambia IAEA Conference.

*Information in this report relating to geological data has been compiled or reviewed by Mr. Matthew Yates (member of the Australian Institute of Geoscientists). Mr. Yates has sufficient relevant experience in the reported fields of activity and has consented to the release of this announcement.*

