ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 26 JUNE 2006

POSITIVE METALLURGICAL TEST WORK WITH 80% RECOVERIES FROM THE KARIBA URANIUM PROJECT ZAMBIA

The Board of OmegaCorp Limited ("the Company") is pleased to announce that the initial metallurgical test work from the Kariba Uranium Project ("KUP") in Zambia has produced very encouraging results, with 80% recoveries being generated in both alkali and acid leach tests. The material was collected from the diamond drilling program completed in December 2005.

The KUP already has an 11 million pound JORC compliant inferred resource that is shallow and hosted in sandstones presenting a case for a simple, relatively low cost mining operation. The high metallurgical recoveries are considered to be another positive step in the initial economic assessment of the KUP.

The Company has invested considerable time in attempting to optimise the metallurgical process and recoveries so that the conceptual flow sheet could be refined to allow for the operating and capital costs ("opex" and "capex") to be finalised for the scoping study that is currently in progress.

The relatively extensive batch work completed on the material from the 2005 drilling campaign indicates that the alkali leach process is best suited to the project. Further work will be completed to refine the flow sheet (Figure 1) ahead of pilot test work, with the possibility to enhance recoveries still further. The key points of the test work and the merits of an alkali leach and flow sheet are summarised as follows:

- *80% recoveries using an alkali leach;*
- *Alkali leach is a proven technology – it was used extensively in the mid west USA in the 1960 and 1970s, which also has similar geological host to the KUP i.e. sandstone;*
- *Rapid leach time – i.e. less than six hours;*
- *Leach temperature is close to ambient;*
- *Low reagent consumption;*
- *Establishment of a simplified extraction flow sheet;*
- *Minimal extraction of impurities with the alkali leach;*
- *Leaching can commence in the milling part of the circuit reducing the size of the leach plant and therefore the capex;*
- *Utilisation of the alkali leach will reduce the need for stainless steel equipment, again reducing capex; and*
- *Reduction of environmental and occupational health and safety issues.*

The Directors of the Company are very pleased with the results to date and are now accelerating the work program on the KUP to further enhance the understanding of the known resources and also add to the overall resource inventory. The positive metallurgical test work completed to date is another step in the evolution of the Company from an explorer to a producer.

Enquiries- **Managing Director: Matthew Yates**

Contact Details: **Phone:** **+61 8 9322 6322**

Introduction

The KUP is located some 200 kilometres south of Lusaka in Zambia and was extensively explored by AGIP (an Italian company – now called ENI) in the 1970 -1980s. AGIP identified several key prospects within the licence area that have now been the point of initial focus for the Company. A 650m diamond drill program at the Mutanga Prospect was completed in December 2005 with a view to verify the drill results by AGIP and also provide material for metallurgical test work. The Mutanga Prospect hosts a >5 million pound U_3O_8 JORC compliant resource. The uranium mineralisation is shallow – generally <60m vertical depth, hosted in sandstone and considered to be a simple mining proposition.

A scoping study is well underway and is anticipated to be completed within the next few months. The metallurgical test work was considered to be a critical component of this study, which has already presented an opportunity for a simple, relatively low cost mining operation.

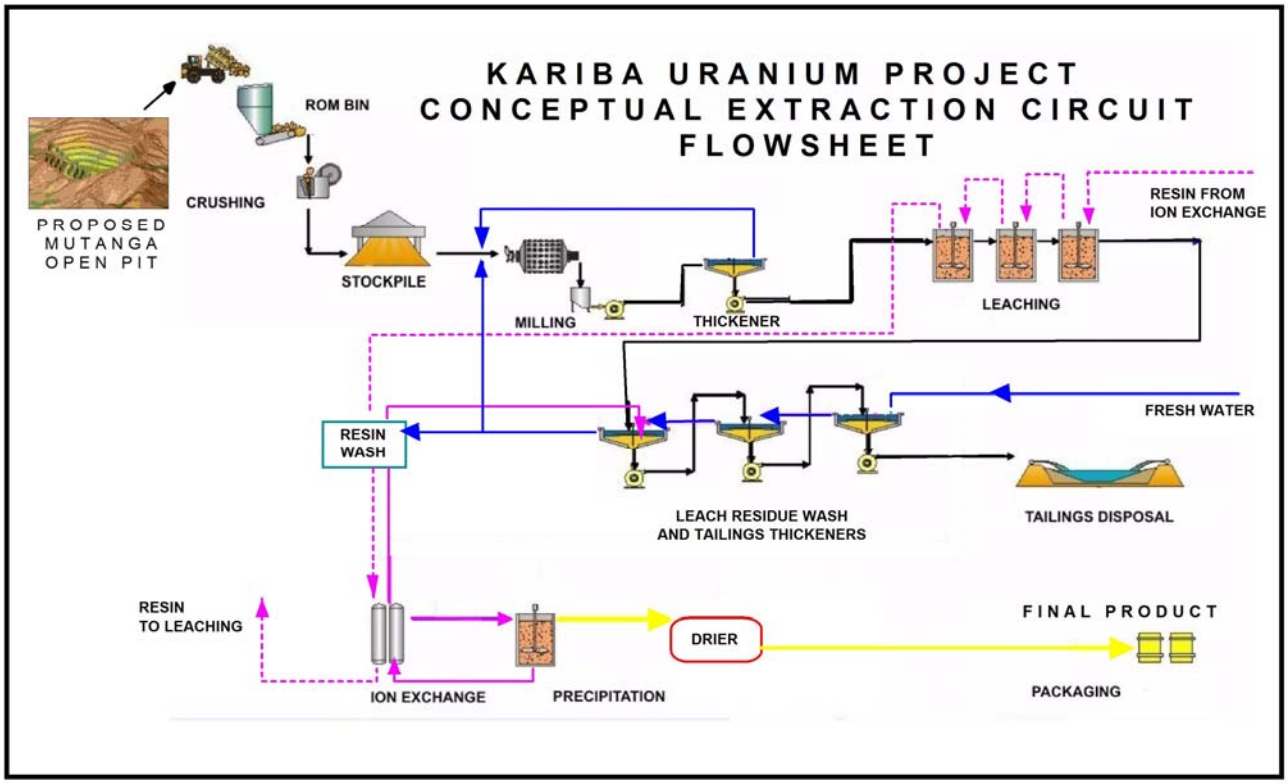
An initial phase of batch scoping test work has been concluded at SGS Lakefield Oretest in Perth to provide basic engineering data for the scoping study. The ore feed for the metallurgical test work was derived from 65 and 80 mm drill core from the Mutanga Prospect.

This work comprised**:**

- batch leaching tests;
- batch recovery of leached uranium to an ion exchange resin;
- batch elution (removal) of uranium from the resin; and
- a preliminary mineralogical examination of the ore.

The work completed to date has enabled the Company to generate a revised conceptual flow sheet for the KUP. This is presented below in Figure 1.

Figure 1



Batch Leaches

The batch leach programme has demonstrated that the uranium mineralisation responds similarly in both a sulphuric acid and an alkali leach. More than 25 batch leaches have been conducted by the Company.

The co-extraction of impurities along with the uranium is considerably less in the alkali system. The alkali leach employs a blend of sodium carbonate (major component) and sodium bicarbonate which are non corrosive chemicals to mild steel equipment.

In addition, the alkali leach provides an opportunity**:**

- to commence the leach step in the milling/ore preparation circuit (this will reduce the size of the leach plant and associated capex);
- to employ low cost carbon steel equipment - therein reducing the capital cost for the mill, leach and solid liquid separation section of the plant over what it would cost if an acid leach was adopted;
- to reduce the impact of the process and the reagents on the environment; and
- to reduce the propensity of serious accidents resulting from employee contact with the more hazardous reagents required for the acid leach regime.

A uranium extraction of approximately 80% can be assured in the alkali leach employing a modest temperature increase above the local ambient. A leach duration of six hours is adequate, but it may be possible to reduce this if the leach is commenced in the mill circuit. The leach appears to be insensitive to the ore particle size below 0.4mm (400 micron). The solid-liquid separations are efficient with high settled densities being readily achievable. This minimises both uranium and reagent losses to the tailings stream.

Recovery to Resin

The uranium that dissolves in the leachate is best recovered to an ion exchange resin and the nature of the material indicates that a resin-in-pulp ("RIP") process is feasible. Batch ion exchange tests have been conducted using RIP in both the acid and alkali leach slurries. All the resin tests have confirmed that better than 99% uranium recovery to the resin is achievable.

Removal of Uranium from Resin (Resin Elution)

Several elution tests have been concluded on resin that has been loaded in the RIP step. These tests confirm that the uranium can be readily removed from the resin to generate an eluate. The eluates have confirmed a high quality uranium rich liquor can be produced with minimal impurity. It is anticipated that acceptable grade product will be generated from the eluates.

Mineralogy

A preliminary scanning electron microscopy investigation of the uranium mineralisation is in progress and results will be available in July 2006.

There is a strong possibility that value minerals are not "locked" in the quartz fraction, thus suggesting it may be possible to upgrade the ore prior to the leach step. All test work has been performed on the whole ore feed.

Planned Test Work

Further work is planned to**:**

- produce a uranium oxide final product;
- examine the leach in the mill circuit; and
- upgrade the feed and to reduce the mass of ore fed to the plant.

The primary objective in this future work is to further refine the flow sheet that will be taken into pilot testing and to confirm that acceptable product can be made at batch scale.

General

Alkali leach plants were employed on sandstone deposits in the mid west USA during the 1960 and 1970s, but were shut down when the price of uranium could not support the operations. However, the KUP has a distinct advantage over these former USA operations in that the intensive autoclave oxidation processes required at these operations will not be required at the KUP plant.

The information in this report that relates to the metallurgical results is based on information compiled by Mr. Grenvil Dunn, who is a Chartered Engineer (C Eng) in the UK and a Professional Engineer (Pr. Eng) in South Africa. Mr. Dunn is a Director of Hydromet Pty Ltd, a consultant of OmegaCorp Limited. Mr. Dunn 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Dunn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.