



31 July 2006

**QUARTERLY REPORT TO THE AUSTRALIAN STOCK EXCHANGE FOR  
THE PERIOD ENDED 30 JUNE 2006**

*The Directors of OmegaCorp Limited (“the Company”) are pleased to present the quarterly report for the period ended 30 June 2006. Scoping studies at the Company’s wholly owned Kariba Uranium Project (“the KUP”) in Zambia are continuing in order to progress the Company to production and an early cash flow. The KUP has an 11 million pound JORC compliant resource estimate which includes only two of the five known prospects in the project area. An airborne radiometric survey completed during the quarter confirmed that there is significant potential upside at the KUP due to a number of additional significant targets identified in the survey results. The quarter’s highlights are summarised as follows:*

**Kariba Uranium Project – Zambia**

- Preliminary metallurgical test work provided positive results with 80% recoveries using an alkali leach which will reduce capex. Further metallurgical test work is currently being completed as part of the scoping study;
- Completion of an airborne magnetic and radiometric survey covering only 20% of the licence area confirmed the presence of additional significant uranium radiometric anomalies. Further assessment and exploration of these regional targets is planned for the September quarter;
- Integration of historical regional drill data with the airborne survey highlighted further areas of mineralisation, giving significant potential upside for the project; and
- Scoping studies are continuing on the Mutanga and Dibwe Prospects, including preparation for an upcoming drilling program, which is aimed at upgrading the size and category of the existing 11 million pound JORC resource estimate. The scoping study is anticipated to be completed within the next few months.

**Mavuzi Project – Mozambique**

- The exploration focus at Mavuzi is to identify open pitable, disseminated uranium mineralisation;

- The historical Castro and Inhatobui mines have been located within a ten kilometre zone of interest identified from field work completed during the quarter; and
- Regional studies have commenced with an aeromagnetic and radiometric survey scheduled for October 2006, covering approximately 400 square kilometres of the licence area.

### **Capital Raising**

RBC Capital Markets and Westwind Capital Partners were engaged by the Company to assist with a capital raising to fund advanced exploration activities at the KUP, including definitive feasibility studies. The Company is proposing to issue 20,845,000 shares at \$0.52 each to raise \$10,839,400. The placement of the shares will be made to North American and European institutions and is subject to shareholder approval which will be sought at a General Meeting to be held on 14 August 2006.

### **OmegaCorp to Float its Tanzanian Uranium Assets**

The Company has previously advised that it will float its wholly owned subsidiary, Mantra Resources Limited (“Mantra”), on the Australian Stock Exchange (“ASX”). In order that the key focus of the Company remains the KUP, the Tanzanian uranium assets will be spun out, with an entitlement of participation to existing shareholders. The Board believes that a separate listing of these projects will ensure that they have adequate funding for exploration, allow for a better focus on their development and enable a more transparent market value to be placed on them.

**Enquiries-  
Contact Details:**

**Managing Director: Matthew Yates  
Phone: (61 8) 9322 6322**

## **Kariba Uranium Project - Zambia**

In February 2006 the Company announced that it had acquired a 100% interest in the KUP in Zambia. The KUP is located some 200 kilometres south of Lusaka and comprises a single prospecting licence covering 2,521 square kilometres.

### ***Metallurgy***

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” respectively) 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.

This work has led to a revision of the conceptual flow sheet for the project and this is summarised in Figure 1. It is anticipated that the flow sheet will be refined further in the coming months as the Company moves to optimise metallurgical process route.

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.

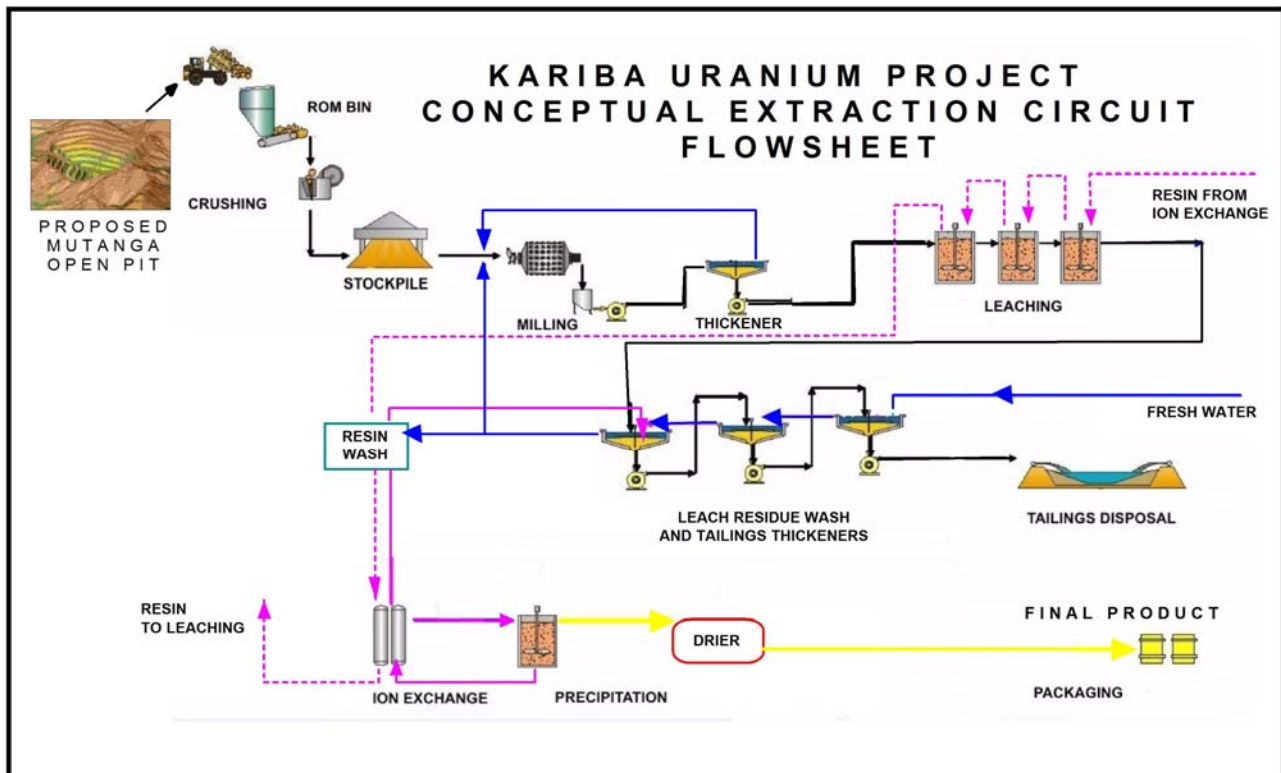


Figure 1

### *Airborne Survey*

The airborne survey covered approximately 500 square kilometres of the licence area and was completed using a helicopter with a mean terrain clearance of 23m along lines 100m apart for a total of 5000 line kilometres (Figure 2). The radiometrics were completed with four channels – total count, uranium, thorium and potassium so that immediate differentiation between anomalies could be made.

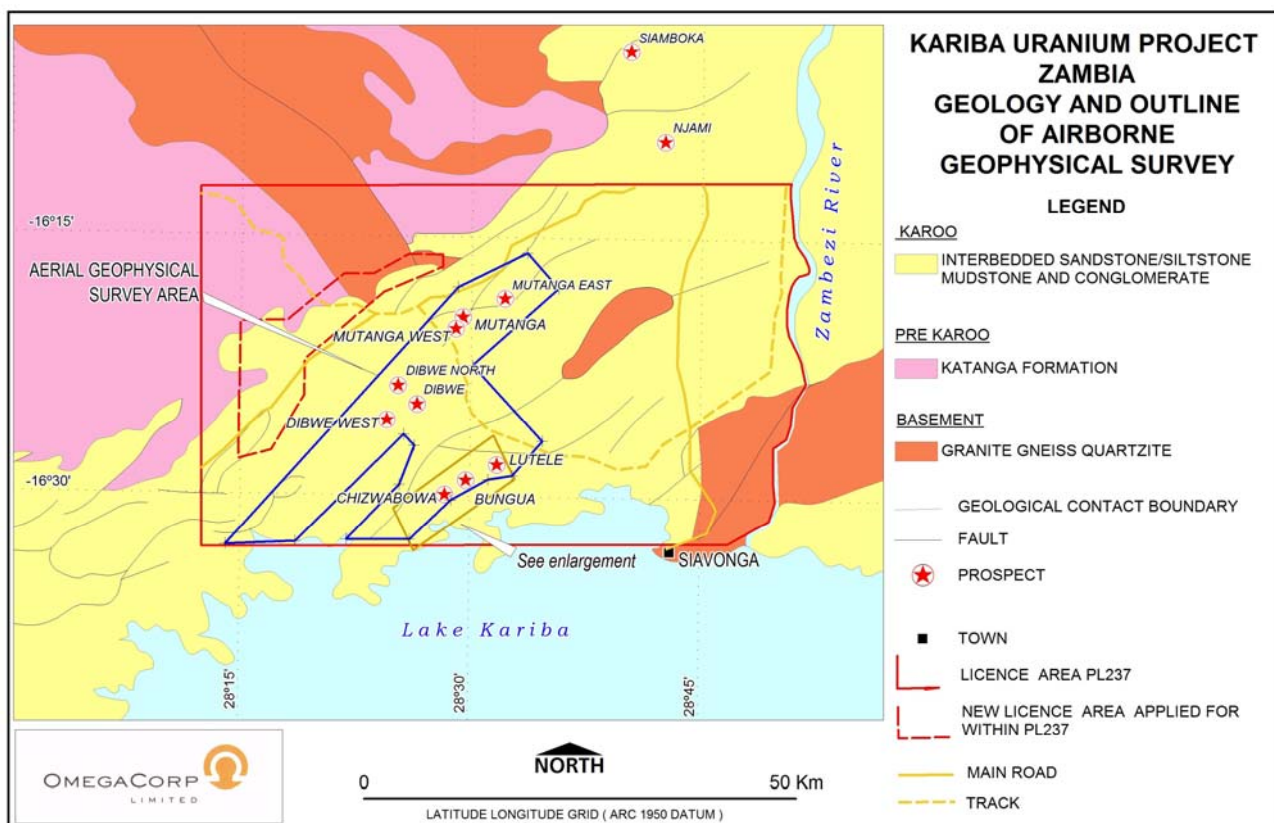
The mineralisation at both Mutanga and Dibwe (where the JORC compliant resource has been estimated) are clearly highlighted in the survey and maybe used as an indicator of both mineralisation and its tenor. Significantly, the signature of these anomalies is relatively subordinate to other anomalies within the survey area. It is also noted that the radiometric equipment will only record the presence of uranium within approximately 35cm from the surface and does not therefore detect mineralisation under cover or down dip of this depth. The survey also allowed a digital terrain model (DTM) to be generated. The results of the survey are presented on Figures 2 and 3 and can be summarised as follows:

- Mutanga Anomaly - 550m in strike length, 120m wide, with peak uranium counts of up to 200 counts per second (cps).
- Mutanga East Anomaly – strike length of 440m, 90m in width and uranium counts up to 95 cps.
- Dibwe Anomaly – the main anomaly is 1850m strike length and 300m in width due to two bands and peak uranium count of 150 cps.
- Dibwe West Anomaly – This area was extensively drilled by AGIP and the Company is currently accessing the data. The anomaly is 1950m strike length and 850m in width, and appears as a broad anomalous zone with two

prominent bands and peak uranium counts up to 150 cps. It is noted that this anomaly is approximately four times the length and five times the width of the Mutanga anomaly. The Mutanga anomaly is known to host over five million pounds  $U_3O_8$ .

- Dibwe North Anomaly – Also extensively drilled by AGIP and is 1200m strike length and 100m in width, with peak uranium counts of 150 cps.
- Bungua Ridge – Uranium mineralisation was first discovered in this area in 1957 and has recently been the subject of investigation by the Company, where high grade rock chip samples up to 3.8%  $U_3O_8$ , and drill intercepts up to 1.6% have been reported (Figure 4, Kaumpwe A and B). This sampling and historical drilling only occurred in a small area (<600m) of the fifteen kilometre long ridge.

The survey has revealed that the Bungua Ridge is defined by a number of prominent uranium anomalies. In general these anomalies have a larger aerial surface expression and a higher uranium counts than those described above. Discontinuous uranium radiometric anomalism occurs along the ridge and is summarised by three anomalies from west to east measuring approximately 975m x 250m, 1050m x 350m and 2300m x 100m with peak uranium counts of 250, 420 and 240 cps respectively. It is also noted that these anomalies are considerably larger in size and have greater cps values than both the Mutanga and Dibwe anomalies.



**Figure 2 – Note Enlargement is presented as Figure 4**

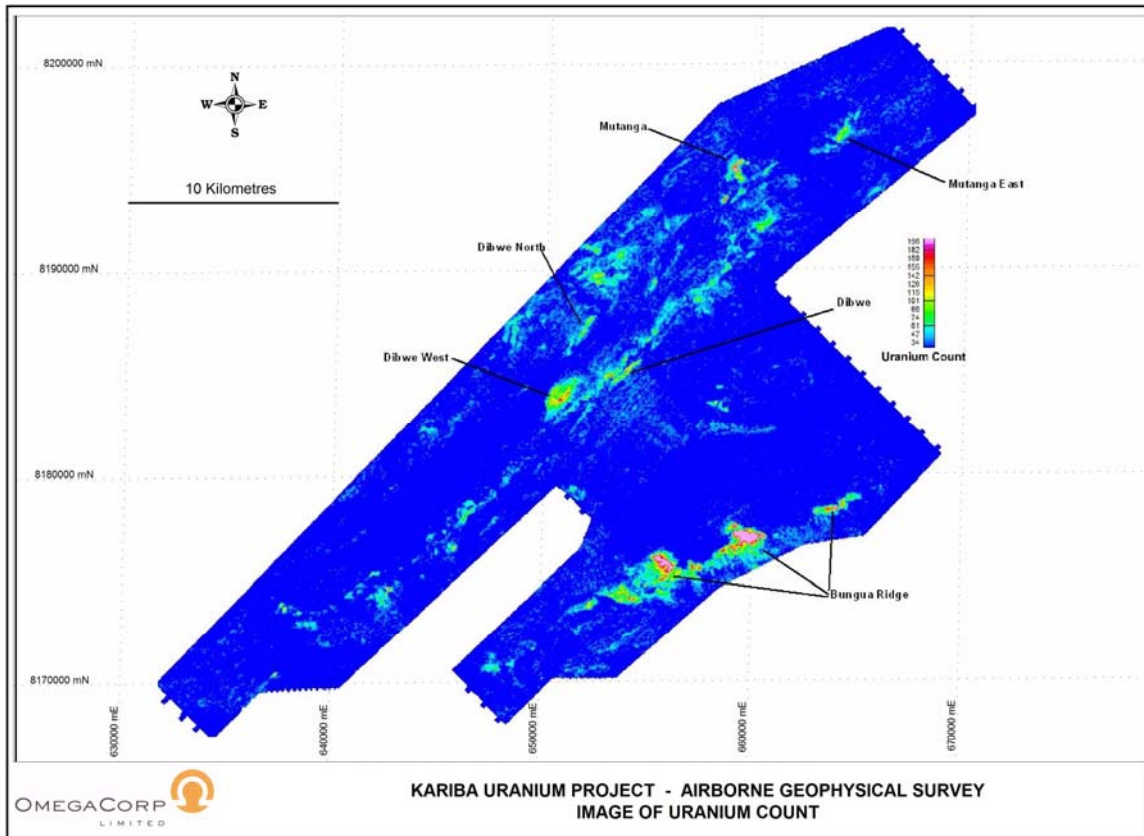


Figure 3

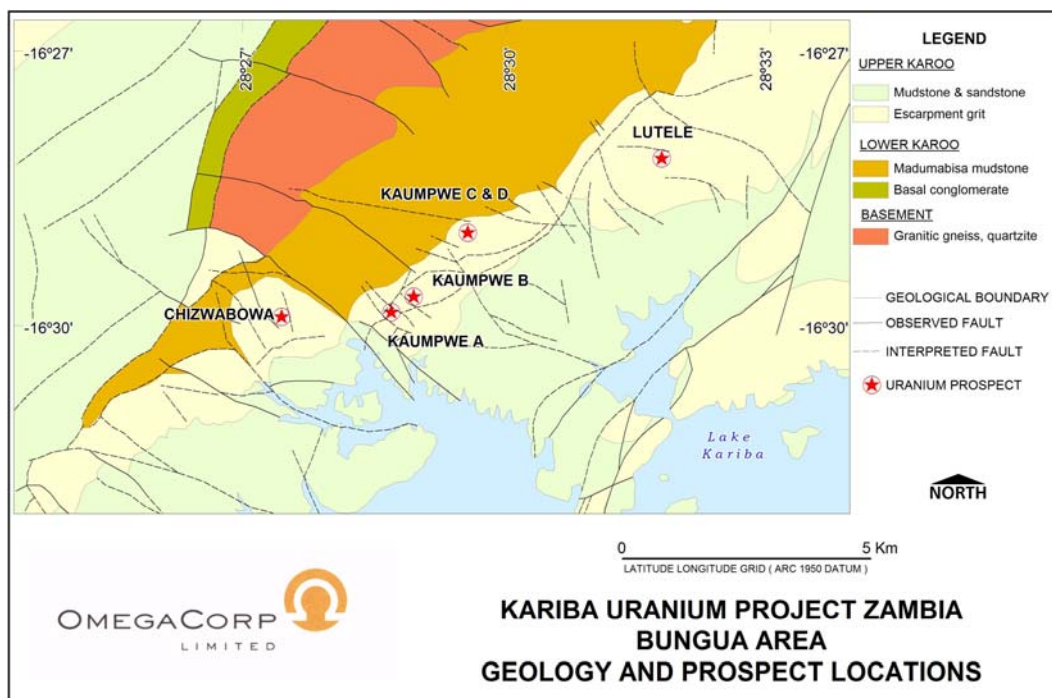


Figure 4

## AGIP Regional – RDM Drilling

Further areas of mineralisation have been identified at the Kariba Uranium Project in Zambia (“KUP”) following the acquisition of additional historical drill data. The new information has been integrated with data from the recently completed aerial survey to facilitate the identification and exploration of targets away from known areas of mineralisation. The intercepts within the drill holes and their associated radiometric anomalism has again highlighted the potential for shallow mineralisation within the project that may add to the overall resource base.

A regional drilling program by AGIP comprising 44 (Figure 5) diamond and percussive drill holes identified a possible strike extension to the northeast of the Dibwe deposit. Holes drilled on this interpreted trend over eight kilometres revealed that fifteen of the sixteen holes contained mineralised or anomalous intercepts. Many of the mineralised holes also recorded multiple intercepts, with most being within 80m of surface. Some of the better mineralised intercepts include RDM31 with 3.6m @ 1260ppm eU<sub>3</sub>O<sub>8</sub> from 12.7m and RDM9 with 3.3m @ 942 ppm eU<sub>3</sub>O<sub>8</sub> from 44.8m. Many of the mineralised holes also recorded multiple intercepts, with many being within 80m of surface. This is demonstrated in RDM9 with two further intercepts of 3.1m @ 348 ppm eU<sub>3</sub>O<sub>8</sub> from 51.9m and 3.6m @ 807 ppm eU<sub>3</sub>O<sub>8</sub> from 77.3m.

Eleven diamond holes were also drilled on what appear to be down dip or extensions of the mineralisation at Dibwe. Nine (82%) of these holes recorded mineralised intercepts. Better intercepts here include RDM13 with 23.5m @ 303 ppm eU<sub>3</sub>O<sub>8</sub> from 63.3m; RDM16 with 7.00m @ 266 ppm eU<sub>3</sub>O<sub>8</sub> from 82.10m and RDM17 with 4.2m @ 500 ppm eU<sub>3</sub>O<sub>8</sub> from 35.50m. Work is currently underway to assess the inclusion of this data into the existing resource estimate.

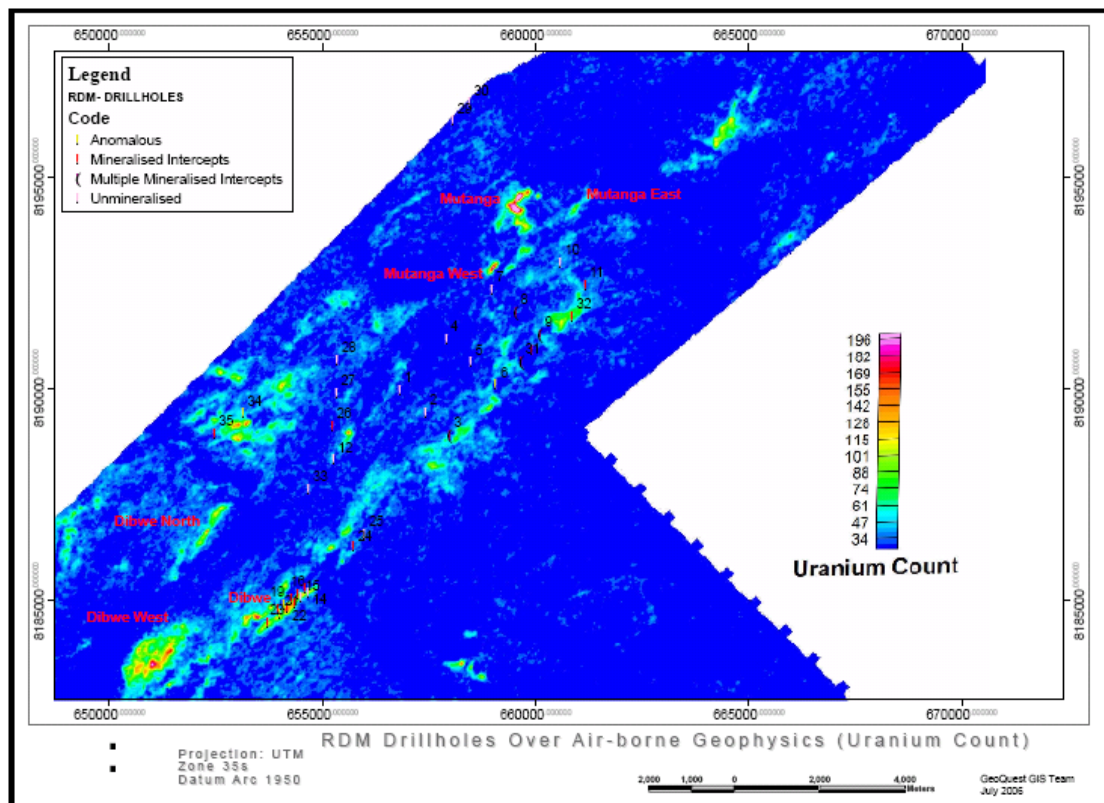
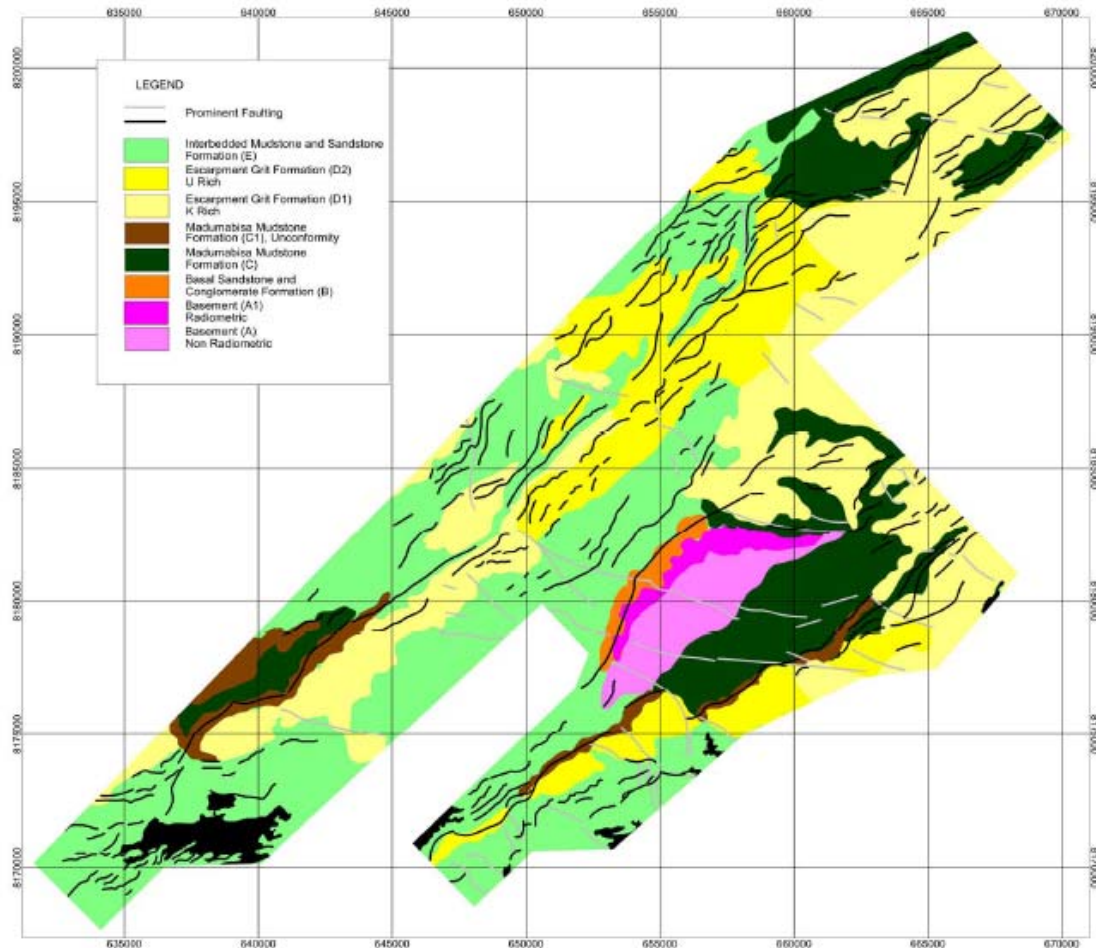


Figure 5

## ***Preliminary Geological Interpretation of Aeromagnetic Data***

The aeromagnetic data has been integrated with the radiometrics and mapping to generate a solid geological interpretation of the survey area. The preliminary geological interpretation is presented as Figure 6.



**Figure 6– Preliminary Geological Interpretation**

### ***Project Summary***

The Company notes that obtaining the airborne survey and RDM data are important steps to potentially increase the resource base of the KUP. It further highlights the potential of the Project to yield zones of outcropping, shallow mineralisation. Further detailed sampling and mapping will be completed and integrated with existing data as a prelude to drilling.

Work will continue to advance these results to resource status and assess the remaining seven kilometres of strike at the Bungua Prospect. The Company is continuing with its efforts to locate historical data for Dibwe West and Dibwe North, both extensively drilled by AGIP in the anticipation that these areas will also yield zones of significant mineralisation.

Scoping studies are continuing on the Mutanga and Dibwe prospects to assess their economic viability with a view to progressing the Company to production and an



early cash flow. This has taken another positive step with the highly encouraging metallurgical test work results.

### **Mavuzi Project - Mozambique**

The Mavuzi Project is located some 40 kilometres northwest of the provincial centre of Tete in northwestern Mozambique and comprises four granted licences covering approximately 700 square kilometres. The central licence covers the historical Mavuzi Uranium Mine (“Mavuzi Mine”) and has been the focus of the Company’s exploration initiative during the previous quarter.

The ongoing assessment of the Mavuzi Project in Mozambique has identified a suite of significant uranium radiometric anomalies, individually up to 1600m long (Figure 8), from field work conducted in the past few months. The work has been completed to the north and east of the Mavuzi Mine grid area and has also resulted in the physical location of two historical uranium prospects – Inhatobui and Castro that were previously exploited (Figure 8).

The ongoing work was initiated as a follow-up to the RC drilling program completed in late 2005, which successfully identified broader zones of disseminated mineralisation. The drilling only tested one kilometre in aggregate, of a zone that was recognised to be ten kilometres long.

Reconnaissance level gridding, mapping and scintillometer surveying has been completed to about eight kilometres north and three kilometres east of the Mavuzi Mine grid area. This has revealed four possible, sub-parallel, radiometrically anomalous structures (east to west U1-2-3-4 – Figure 8) that can be each traced over several kilometres. The anomalies are defined by >140 counts per second, with maxima within each anomaly of up to several thousand counts per second. These anomalies are interpreted as uranium dominant as opposed to the thorium (Th) dominant structures seen further to the east (Th in Figure 8).

The U1 structure can be interpreted over approximately six kilometres, with individual anomalies along this structure being up to 1600m long and up to 300m wide. Both the Castro and Inhatobui Prospects appear to be in the U1 structure. It is also considered that this forms part of the “Eastern Zone” reported in the Company’s preliminary assessment of the area.

The Mavuzi Mine, Airport, Kaboazi Creek and MVT47a Prospects appear to lie on or adjacent to the U3 structure, which can be traced over a distance of up to eight kilometres. Two further fault zones – U2 and U4 are currently considered subordinate to the others, but still warrant further investigation.

Regional gridding continues to the south and west of the area shown in Figure 1 in the search for new anomalies. Infill gridding has commenced over the Castro and Inhatobui Prospects in order to provide better definition of the true shape, size, continuity and correlation of the anomalies located by the regional survey. It is anticipated that these results will be presented shortly.

An additional prospect has been identified approximately fifteen kilometres to the south of Mavuzi. Details of this prospect are currently being compiled and will be announced shortly.

## Summary

These new potential zones of mineralisation provide great encouragement. The exploration focus in Mozambique will pursue mineralisation within the project areas with the aim of identifying mineralisation amenable to open pit mining. This will include mapping, sampling, ground/airborne aeromagnetics and radiometrics as a prelude to further drilling.

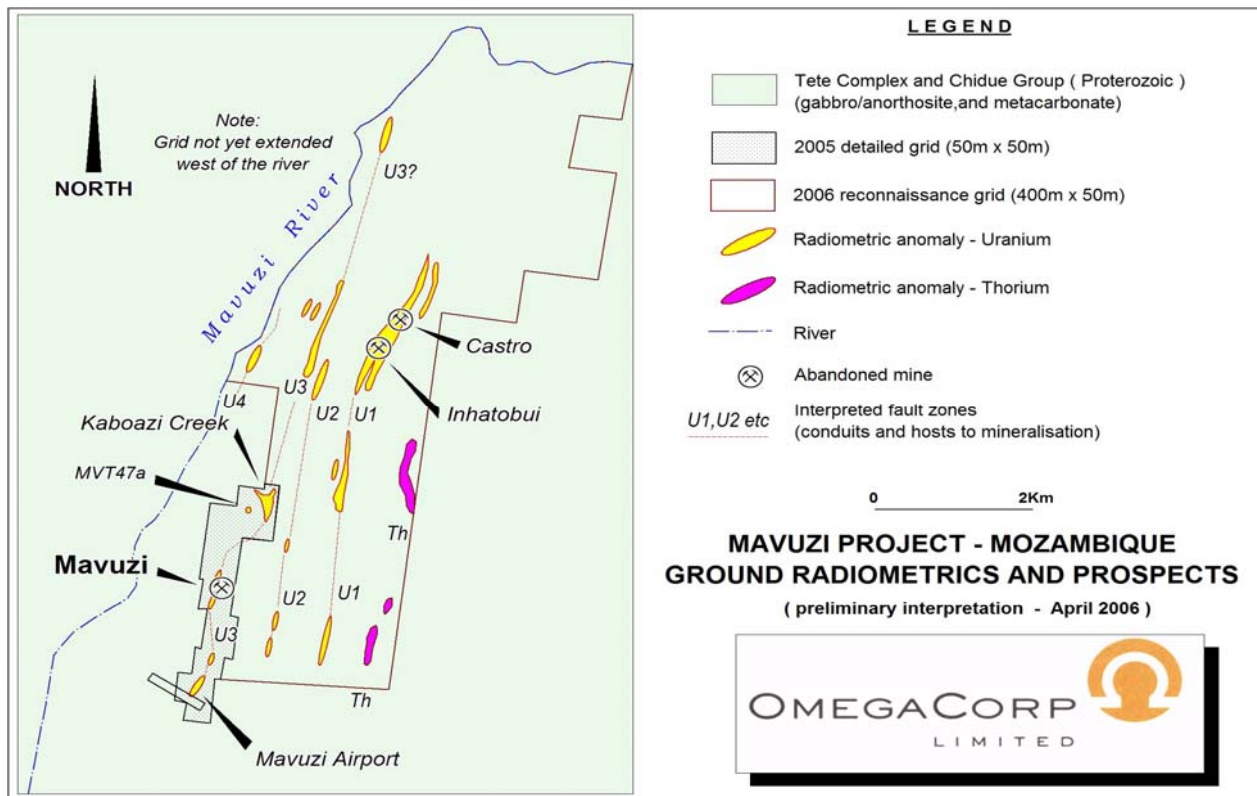


Figure 8

## Zambezi Valley Project – Zimbabwe

The licences that comprise the Zambezi Valley Project (“ZVP”) - Zimbabwe are still under application. The ZVP licence applications cover an area that was extensively explored for uranium between 1981 and 1992 by Interuran. The Company will continue to attempt to progress the licence areas to grant and acquire available data.

## Tanzanian Heavy Mineral Sands Project

Work completed on the Heavy Mineral Sands Project in the previous quarter has identified the key areas from the original 3000 square kilometres originally held by the Company. Three new licences have been applied for over these key areas and work will continue to find a partner for the project whilst the main focus of the Company remains its uranium assets.

## **Corporate Developments**

### ***Capital Raising***

The Company announced that it has raised \$10,390,400 through a placement of 20,845,000 ordinary shares at \$0.52 each. RBC Capital Markets (“RBC”) and Westwind Capital Partners acted as agents for the Company in completing the placement to institutional investors in Europe and North America. The placement of the shares will be subject to shareholder approval at a General Meeting to be held on 14 August 2006.

The proceeds from the placement will be used to finance advanced exploration activities and the early development of the Company’s wholly owned Kariba Uranium Project (“the Project”) in Zambia.

### ***Spin Out of Mantra Resources Limited***

The Board of OmegaCorp Limited (“the Company”) advised on May 10, 2006 that it will float its wholly owned subsidiary, Mantra Resources Limited (“Mantra”), on the Australian Stock Exchange (“ASX”). It is intended that initial public offering will comprise the Company’s uranium interests in Tanzania. These include the Mkuju River Project (“MRP”) located in southern Tanzania, some 470 kilometres southwest of Dar es Salaam. The area was part of a countrywide search for uranium between 1978 and 1982 by a German company Uranerzbergbau GMBH.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves on information (other than the mineral resources on the Kariba Project in Zambia) is based on information compiled or reviewed by Mr. Matthew Yates, who is a Member of The Australian Institute of Geoscientists (AIG). Mr. Yates is a full-time employee of OmegaCorp Limited. Mr. Yates 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. Yates consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**OMEGACORP LIMITED**

ABN

60 094 212 307

Quarter ended ("current quarter")

30 June 2006

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	113
1.2 Payments for (a) exploration and evaluation	(1,632)	(4,431)
(b) development	-	-
(c) production	-	-
(d) administration	(313)	(686)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	51	232
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – business development	(351)	(640)
<b>Net Operating Cash Flows</b>	<b>(2,245)</b>	<b>(5,412)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	(134)
(b)equity investments	-	-
(c) other fixed assets	-	(152)
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(286)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,245)</b>	<b>(5,698)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(2,245)	(5,698)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2,102	7,294
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising expenses	(15)	(302)
	<b>Net financing cash flows</b>	2,087	6,993
	<b>Net increase (decrease) in cash held</b>	(158)	1,295
1.20	Cash at beginning of quarter/year to date	3,609	2,156
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	3,451	3,451

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	419
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include consulting fees, directors' fees, managing director's performance bonus and provision of a fully serviced office.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable.

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,200
4.2 Development	-
<b>Total</b>	<b>2,200</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	474	390
5.2 Deposits at call	2,977	3,219
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>3,451</b>	<b>3,609</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	109,625,060	109,025,060	Not Applicable	Not Applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	7,720,000	7,320,000	Not Applicable	Not Applicable
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b>	10,000,000	-	<i>Exercise price</i> \$0.050	<i>Expiry date</i> 30 June 2007
	1,380,000	-	\$0.225	30 June 2007
	10,000,000	-	\$0.300	30 September 2007
7.8 Issued during quarter				
7.9 Exercised during quarter	400,000	-	\$0.050	30 June 2007
	1,520,000	-	\$0.225	30 June 2007
	5,800,000	-	\$0.300	30 September 2007
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 July 2006  
(~~Director~~/Company secretary)

Print name: LUKE WATSON

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.