



ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE – 13 OCTOBER 2006

**KARIBA PROJECT ECONOMICS ENHANCED BY METALLURGICAL
RECOVERIES INCREASING TO 90%**

The Directors of OmegaCorp Limited (“the Company” or “OmegaCorp”) are pleased to announce an update on the metallurgical test work being completed at the wholly owned Kariba Uranium Project (“KUP” or “Project”) in Zambia. The Company had previously reported metallurgical recoveries in the order of 80% in the leach (see ASX Announcement 26 June 2006). Ongoing test work has now increased this figure to 90%, with a faster leach time than was previously reported, with 85% of the uranium dissolved in less than two hours. This additional work and further mineralogical work is expected to enhance the economics and upside potential of the Project.

The higher recoveries were gained by the introduction of a modest heat (60⁰C), combined with test work to commence the leach in the milling part of the circuit. Detailed mineralogical work completed as part of the ongoing assessment has highlighted that all the uranium mineralisation either coats the grains or lies within the matrix of the rock. This has allowed an additional concept of upgrading the ore prior to its treatment, where the run of mine (ROM) ore will be “scrubbed” of its uranium mineralisation and discarded at the front end of the plant. This will reduce power, reagent consumption and overall operational and capital costs of the Project ensuring a low capex and low opex operation.

The additional work has highlighted that the uranium mineralisation at the KUP is in a very favourable form (hexavalent), which means that an oxidant will not be required in the process.

The Directors believe that there is further upside in the metallurgical side of the process and are currently reviewing tenders for the final run of metallurgical test work. This will involve limited batch work and a continuous test program scheduled to commence as soon as possible. This work aims to refine the process and optimise and enhance the recoveries further and is anticipated to form part of the definitive feasibility study. The Board and Company remain committed to bringing the Company to production and generating an early cash flow.

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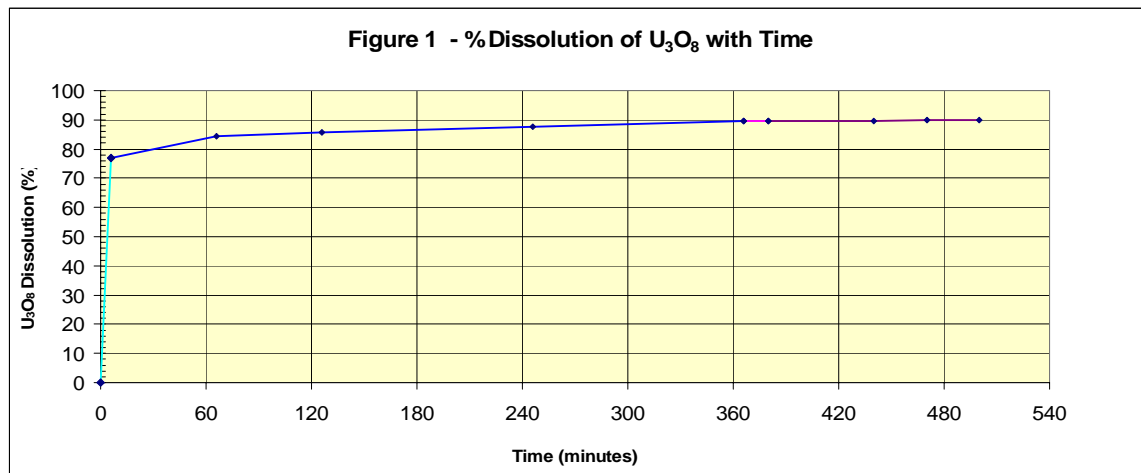
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Introduction

Further metallurgical test work has confirmed improved recoveries of uranium from the Mutanga core samples submitted for testing at SGS Lakefield Orestest Pty Ltd. in Perth, Western Australia. Earlier results had identified the benefits of advancing the leach into the milling step, with more recent tests confirming this.

Test Work Details

The leach reaction has been shown to be extremely fast, enabling the extraction of most of the uranium within the milling and scrubbing steps – refer Figure1 below.



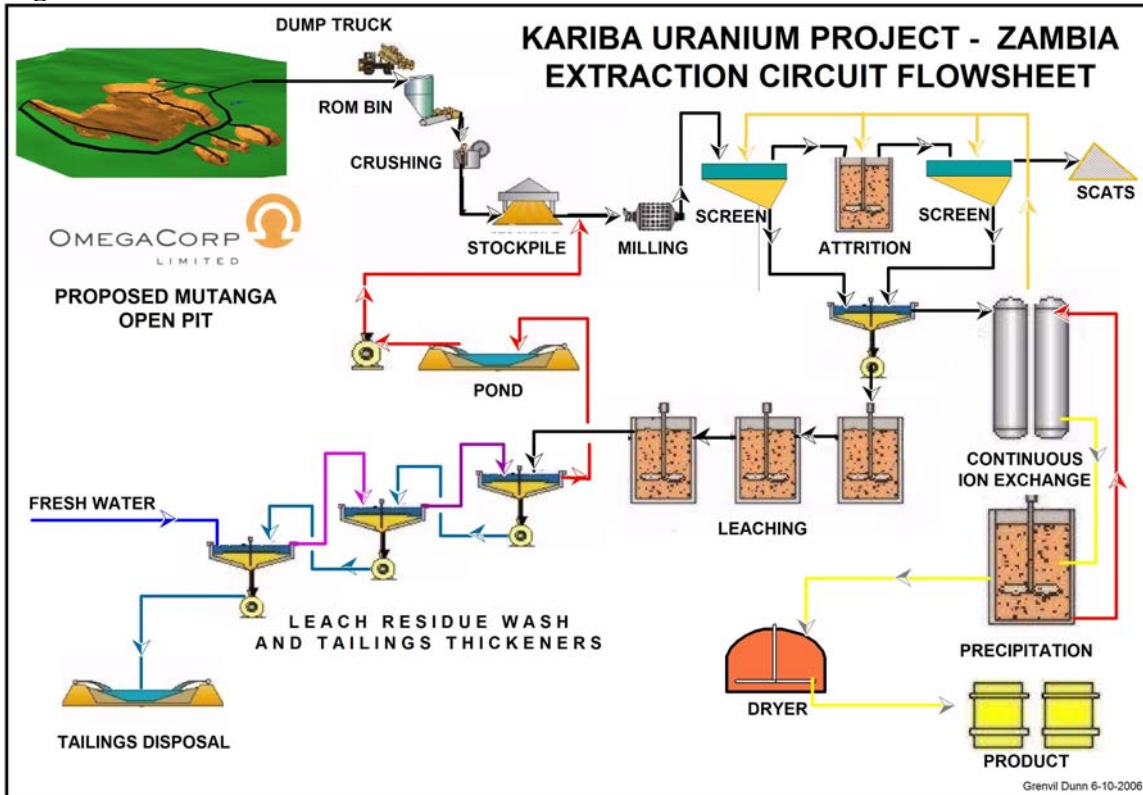
This feature is consistent with the mineralogical properties of the uranium metal being predominantly in the hexavalent form. This development benefits a shorter retention time in the leach, as well as obviating the need to provide an oxidant in the form of an air-sparge to the leach tanks.

Uranium extraction of 90% has been confirmed when heat from an external source is added to the milling step.

The leach step and the thickener washing circuit will be located after uranium recovery where the “wash-back” uranium values and reagent will report to the mill. The ion exchange circuit, which was initially conceived to be a resin-in-pulp (RIP) step within the leach, will now be a simpler carousel type process in the mill thickener overflow stream. Furthermore, the exceptionally low chloride containing ore and raw water in the region should improve resin utilisation and reduce its inventory.

The recent results support the development of a compact processing flowsheet, as shown in Figure 2, and which will enable further reductions of both capital and operating costs.

Figure 2



Other opportunities presently being pursued is the upgrading of ore following the initial milling step. Mineralogical results have confirmed that the uranium mineralisation is not within the feldspar and silica grains of the host rock and either coats these grains or lies in the matrix. It is therefore possible to reject this barren coarse fraction after a series of light milling, scrubbing and washing steps. The uranium rich material resides in 60 to 70% of the ROM ore thus providing the “ore upgrade” opportunity, which will reduce power, reagent consumption and overall operational and capital costs of the Project.

The Company has drilled diamond core from the Mutanga Prospect representing the first few years of mine life for an extensive continuous pilot testing program. Tenders are currently being reviewed for this work. This extensive test work programme is designed to further mitigate process risks and support the definitive engineering studies to better predict capital and operating costs of the full-scale 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.