

# AUSTRALIAN UNITED GOLD LTD

ACN 008 982 474

1st Floor, 8 Parliament Place West Perth WA 6005

PO Box 1618 West Perth WA 6872

Tel: (08) 9481-7833

Fax: (08) 9481-7835

Email: [aul@austunitedgold.com](mailto:aul@austunitedgold.com)

Website: [www.austunitedgold.com](http://www.austunitedgold.com)

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28 July 2006

The Manager - Companies  
Australian Stock Exchange Limited  
Exchange Centre  
20 Bond Street  
SYDNEY NSW 2000

## Quarterly Report for the Period Ended 30 June 2006

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### **1. EXPLORATION**

#### **A. Manindi Zinc Project, Murchison, WA. (M57/227,240, 533, P57/934-936, 938, 939, 942)**

The Manindi Zinc Project is located in the East Murchison District of Western Australia, 20 kms south east of Youanmi. The project comprises a series of volcanogenic massive sulphide zinc deposits. The geological environment shows similarities to those of other base metal sulphide deposits in the Yilgarn Craton of Western Australia such as the Golden Grove deposits located to the southwest of Manindi, at Yalgoo, and the Teutonic Bore / Jaguar deposits in the Eastern Goldfields.

The project was previously known as Freddie Well and was initially discovered and explored by CRA Exploration Pty Ltd in the late 1970's and early 1980's.

As previously announced, the global resource based on drilling at the Kultarr (tested to 200 metres below surface), as well as the Kowari, Mulgara and Warabi prospects (all tested to only 100 metres below surface) was estimated at

1.05 Mt @ 7.64% Zn (At >1% Zn Cut-Off)

0.79 Mt @ 9.48% Zn (At >3% Zn Cut-Off)

In comparison to drilling at Golden Grove & Jaguar, the drill testing of the Manindi deposits are very shallow and at an early stage of resource definition.

A soil sampling programme at 100 x 25 metres spacing, with infill sampling at 50 x 25 metres spacing has extended the geochemical signatures of the Mulgara and Warabi resource areas, and defined new target areas to the south at Bandicoot and east at Quoll.

In September 2005 the Company commissioned BioHeap Limited to undertake work on the zinc ore to ascertain the viability of heap leaching the ore using bacterial technology. The test results received indicated that the test work has been extremely effective in leaching zinc

into solution.

The test work achieved excellent results with zinc recoveries of 97.1% being achieved in amenability tests. The detailed test results and the leach solutions were passed to Australian Metallurgical and Mineral Testing Consultants, ("AMMTEC"), who were commissioned to study downstream processing routes for the production of zinc metal.

Test work completed by AMMTEC resulted in a conceptual flow sheet for the process beginning with heap leach of zinc ore through to the production of zinc metal. The process proceeds from heap leach through ion exchange to electrowinning.

The results of work carried out by AMMTEC, including ion exchange test work, on the bioheap 'zinc solutions' was sent to both Outokumpu and Ecotec in Canada in late March 2006 for conceptual design and Opex and Capex costs for ion exchange systems.

Data received from these companies was evaluated by AMMTEC, who also forwarded data to manufacturers of commercial electrowinning plants for conceptual design and Capex and Opex calculations for an on-site electrowinning plant.

The study by AMMTEC is ongoing with the intention of establishing a cost effective, on-site plant to produce zinc metal.

The Company previously commissioned Newexco Services Pty Ltd ("Newexco") to compile and review all geological data relating to the Manindi project. The purpose was to identify exploration targets to drill to increase the zinc ore resource at Manindi.

The review identified further targets and recommended that a ground and downhole electromagnetic survey be carried out. The EM survey began during the March Quarter. All ground EM was completed, and was followed by an RC drilling programme conducted in June. A programme of downhole EM will be completed in conjunction with the upcoming diamond drilling programme, scheduled to begin in August.

In June 2006, Newexco undertook a programme of 17 RC drill holes at Manindi. These drill holes were designed to:

- Test the previously defined geochemical & geophysical anomalies at Warabi (Zone A), Mulgara (Zone B), Quoll, Bandicoot & Ningai.
- Twin historical drill holes FWD 005 and FRC 033 at Warabi (Zone A) and Mulgara (Zone B), respectively, to validate and extend the known resources.
- Drill two pre-collars at Kultarr (Zone D North) to facilitate later diamond drilling and downhole EM.

This drilling was successful in all its objectives, delineating both massive sulphide mineralisation in a number of new prospect areas, as well as extending the known areas of economic mineralisation.

#### **Warabi (Zone A)**

This resource was drilled to test an EM anomaly and to validate previously delineated mineralisation. Three RC holes were drilled at Warabi.

Drill hole MNRC 008 was designed to test an undrilled EM anomaly and encountered massive sphalerite and pyrite sulphide mineralisation from 44 to 54 metres. This interval assayed at 6.85% Zn and 0.4% Cu, however, it has a higher grade 'core', with results as follows:

MNRC 008      664246E 6818038N      44 - 49 m      5m @ 11.8 % Zn/0.74% Cu

This drill hole extends the known mineralisation at Warabi by at least 20 metres to the north of the established resource. Extensional and infill drilling will be required to allow an upgraded resource to be calculated for Warabi.



### **Quoll**

The Quoll prospect is located adjacent and to the east of Warabi (Zone A), and possibly represents the 'footwall lode' to this resource; this prospect was initially defined through both surface geochemistry and surface EM. Three drill holes tested 100 metres strike of this anomaly and encountered disseminated sulphides in all three of the drill holes, with the best result being:

MNRC 005                      664398E 6817869N      15-18 m                      3m @ 0.62% Zn

### **Ningau**

The Ningau prospect is located to the west of Mulgara (Zone B), and represents the southern strike extensions of the Kultarr & Kowari (Zone D) mineralisation; this prospect was defined through both surface geochemistry and surface EM. One drill hole tested this anomaly and encountered anomalous zinc results from 8 to 98 metres (a total of 90 metres), with the best result being:

MNRC 015                      663746E 6818084N      71-74 m                      3m @ 1.00% Zn

The recent RC drilling at Manindi has been successful in testing the designed objectives of the exploration programme, and is especially encouraging as it served to validate:

- The current 'first pass' exploration techniques being employed, including both surface geochemistry & surface EM.
- The presence of mineralisation at the recently defined prospect areas, which lie outside the known resource areas.
- The tenor and widths of the known resources and their mineralisation characteristics.

The next phase of exploration will be the deeper diamond drilling programme to be undertaken at Kultarr (Zone D North), and the carrying out of down hole EM, which is scheduled for August 2006. Further extensional and RC drilling is planned for the existing reserve areas at Warabi (Zone A) and Mulgara (Zone B).

The Company is encouraged by the progress of its Manindi project. The Company believes that future drilling programmes could substantially increase the tonnage of zinc ore, and with current zinc prices in excess of US\$3400 per tonne, the Company is looking to fast track development of the project.

## **B. Namibian Uranium Prospect**

In November 2005 the Company announced that it had entered into an agreement with a local Namibian title holder to acquire two Prospecting Licences in Namibia prospective for Uranium. The company has also applied for a further tenement in the Engo Valley area of Namibia.

To date, no on-ground work has been carried out on these tenements pending settlement of the acquisition and the granting of the Tenement Application. The Company has, however, carried out a comprehensive due diligence on the tenements and their mineralisation. When all due diligence issues relating to the tenements have been satisfied and effective title is able to be obtained, the Company will commence on-ground exploration.

## **C. Sherlock Bay Extended Nickel- Copper Project, Pilbara, WA**

The Company may earn up to 70% of the Sherlock Bay Extended Project which is located in the Eastern Pilbara Region, 1250 km north of Perth, and 75 km to the east of Karratha. The project is composed of three exploration licences (ELA 47/ 1226, 1227 & 1251), which cover over 470 km<sup>2</sup> and is in close proximity to logistical infrastructure including sealed roads and port facilities; the tenement areas surround Sherlock Bay Nickel's 'Sherlock Bay' resource area.

## **2. Financials**

As at 20 June 2006 the Company had cash of \$6,254,000. A further sum of \$703,061 was received after the end of the quarter from the exercise of underwritten options. The Company also holds 2,250,000 tradable shares in Tiger Resources Limited and shares in other listed public companies which at June 30 2006 had a combined market value of \$1,215,000.



B R McCULLAGH  
Company Secretary

## **Competent Person Declaration**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Timothy Putt of Exploration and Mining Information Systems. Timothy Putt 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 Resource and Ore Reserves". Timothy Putt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears".