



AuSelect Limited

Quarterly Report for the 3 months ended 31 July 2006

KEY POINTS

AuSelect has embarked on a program to grow and transform from a mining investment company to a mining company. The first step is the takeover of Sedimentary. Numerous other opportunities have been identified.

- **Sedimentary**
 - 2 for 9 scrip takeover offer announced by AuSelect. The AuSelect offer is valued at \$0.34 based on AuSelect's post-tax NTA as at 28 August, compared with the \$0.31 conditional cash offer by Premier.
- **Indophil**
 - Pre-feasibility expected to be completed on schedule and on budget in late September. Xstrata then has 30 days to either pay approximately \$50 million to acquire 62.5% of the Tampakan project or sole fund ongoing expenditure on the project.
- **African Lion**
 - Platmin: August IPO has doubled its valuation for AuSelect.
 - Albidon: Increased Resource and feasibility completed. 9,000 tonnes per annum underground nickel mine in 2008.
- **Asian Lion**
 - Work has started aggressively with over 50 opportunities identified and around half reviewed to date.

INVESTMENT SUMMARY TABLE

Investment At 31/07/2006	ASX Code	Country/Activity	AUS Holding %	Amount Invested \$m	Market Value \$m
African Lion (AFL & AFL2) – AuSelect share of African Lion Investments					
Albidon Limited	ALB	Africa – explorer/Zambia – nickel	7.6	2.7	12.7
Mineral Deposits	MDL	Senegal – mineral sands/gold	0.7	0.9	3.7
Platmin Limited**	unlisted	South Africa – PGMs	3.2	3.5	12.2
Sphere Investments	SPH	Mauritania – iron ore	2.1	1.1	3.4
Other including cash committed					2.3
Total African Lion investment			26.2	9.2*	34.4
Listed Investments					
Austindo Resources	ARX	Indonesia – gold	0.7	0.5	0.5
Indophil Resources	IRN	Philippines – copper/gold	8.6	11.0	21.8
Lafayette Mining	LAF	Philippines – polymetallic	5.1	5.0	4.5
Leviathan Resources	LVR	Australia – gold	5.1	3.7	3.0
Sedimentary Holdings	SED	Australia – gold	2.1	0.7	1.7
Westonia Mines	WEZ	Australia – gold	0.4	0.2	0.2
Total Investments				30.2	66.1
Asian Lion (ALF) cash committed					9.1
Net cash					9.8
Total Net Assets					85.0
Net Tangible Asset (NTA) before tax & diluted for options (cents per share)					159.7
Net Tangible Asset (NTA) after tax & diluted for options (cents per share)					146.4

Note: For NTA purposes, African Lion's portfolio values listed investments at market and unlisted investments at last issue price.

* AuSelect investment remaining in the African Lion funds after capital returned.

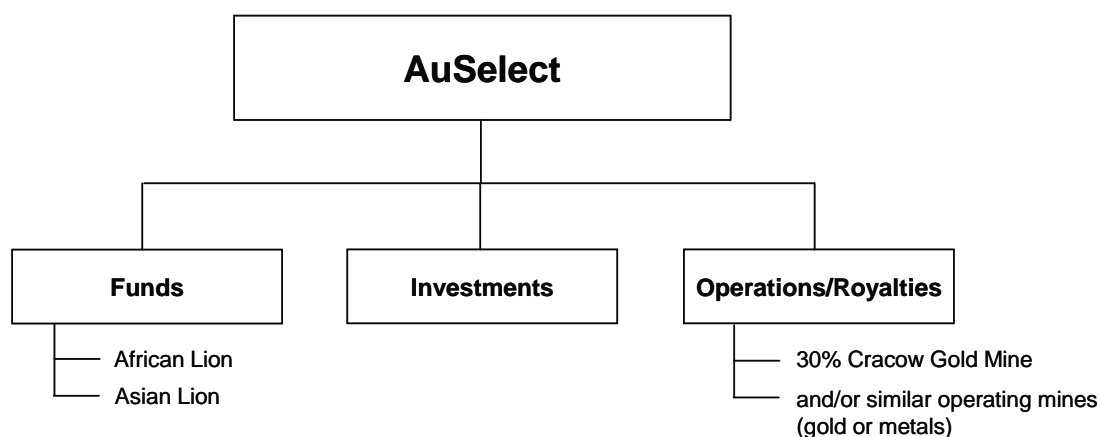
** IPO on 10 August. Code: PPN (TSX/AIM)

A\$/US\$ exchange rate of 0.77 A\$/C\$ exchange rate of 0.88

AUSELECT UPDATE

AuSelect has embarked on a program to grow and transform from a mining investment company to a mining company. The first step is the takeover of Sedimentary. Numerous other opportunities have been identified.

AuSelect Corporate Vision



INVESTEES

SEDIMENTARY HOLDINGS LTD – AUSTRALIA/GOLD (AUSELECT – 2.1%)

- On 14 July, AuSelect announced an offer to acquire Sedimentary by way of a conditional scrip takeover offer for all of the issued shares in Sedimentary. Under the offer, Sedimentary shareholders will receive 2 AuSelect shares for every 9 Sedimentary shares. AuSelect's offer represented in excess of a 40% premium over recent Volume Weighted Average Prices of Sedimentary shares at the time of the announcement of the offer.
- On 14 July, AuSelect entered into a Pre Bid Acceptance Agreement with Sedimentary's largest shareholder, Lion Selection Group under which, in the absence of a higher offer, Lion agreed to accept AuSelect's offer in respect of 17.8% of its 23.7% holding in Sedimentary. Sedimentary subsequently applied to the Takeovers Panel regarding "unacceptable circumstances" in relation to the Pre-Bid Agreement between Lion and AuSelect, and AuSelect declaring its offer unconditional on 11 August. The Takeovers Panel on 18 August advised that it had declined to commence proceedings regarding Sedimentary's application.
- On 11 August, AuSelect announced that its offer for Sedimentary had been declared unconditional.
- On 18 August, Sedimentary announced that Premier Gold Mines Limited (Premier) and Sedimentary had entered into a merger implementation agreement under which Premier will acquire for cash all of Sedimentary's shares for \$0.31 each. The merger is via a scheme of arrangement, subject to a number of conditions including Premier obtaining finance for its offer within 10 business days, the gold price not falling below US\$575 per ounce, an independent expert's review and Sedimentary and Premier shareholder approval. Following the Premier Offer announcement, Lion announced that its obligation under the Pre Bid Agreement were suspended and that it will support Premier's proposal in

the absence of a higher offer. On 21 August, Sedimentary lodged a Target Statement recommending Sedimentary shareholders reject the AuSelect offer and accept the Premier offer.

- AuSelect lodged a Supplementary Bidder's Statement on 22 August, advising Sedimentary shareholders that:
 - the Premier proposed scheme is highly conditional and will take some months to complete;
 - shareholders who accept AuSelect's offer will receive their new AuSelect shares within 5 business days of receipt of a valid acceptance;
 - the establishment of a broker handling facility.
- **As at the close of trading on 28 August, AuSelect's Offer is valued at \$0.32 per Sedimentary share based on AuSelect's closing price on ASX, or \$0.37 (pre-tax NTA) and \$0.34 (post-tax NTA) based on AuSelect's NTA.**
- At Sedimentary's 30% owned Cracow gold mine, 9,038 ounces of gold were sold at an average price of \$722 per ounce. Cracow achieved record monthly production in June of 3,815 ounces (attributable to Sedimentary).

Quarterly production (Sedimentary's share)	Total 2005/2006	June Qtr 2006	Mar Qtr 2006	Dec Qtr 2005	Sept Qtr 2005
Ore treated - tonnes (000's)	95	27	25	24	19
Ore - grade (g/t Au)	11.6	11.0	11.2	12.2	12.2
Recovery (%)	94	94	95	94	94
Gold (000's ounces)	33	9.1	8.3	9.1	6.8
Cash cost (A\$/oz)	289	338	259	255	307

- Subsequent to quarter end, Sedimentary announced an Inferred Resource on the Kilkenny zone of mineralisation at Cracow of 108,000 ounces (attributable to SED) from a total of 950,000 tonnes at 12 g/t gold and 4.6 g/t gold. Included in the new estimate is a new intersection reported below:

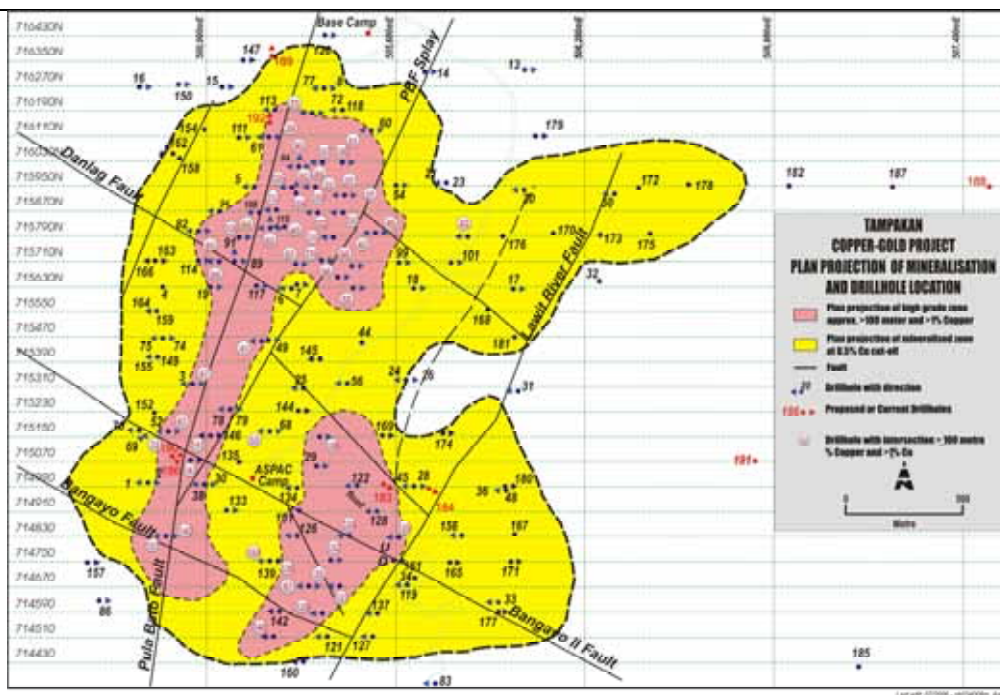
CBK189W_1 4.35 metres 3 metres (estimated true width) @ 20 g/t Au from 864 metres

This result represents the deepest intersection of significant mineralisation on Kilkenny.

- The TSX/ASX listed merger between NuStar Mining Limited and Intrepid Mineral Corporation to form Intrepid Mines Limited (Intrepid) was completed during the quarter. Sedimentary holds 10% of Intrepid.

INDOPHIL RESOURCES NL - PHILIPPINES/COPPER & GOLD (AUSELECT – 8.6%)

- **The Pre-Feasibility Study (PFS) for Indophil's Tampakan Copper-Gold Project in the southern Philippines remains on schedule and on budget.** Indophil anticipates delivering the PFS for Board consideration by the end of September 2006.



- On 29 August, Indophil reported that drill testing to the east of the Tampakan deposit encountered high sulphidation alteration and associated mineralisation, including 12 metres at 2.1% copper. All three holes completed in this program terminated in rocks exhibiting Tampakan-style alteration.
- During the quarter, Indophil successfully completed a \$57.8 million equity raising.
- AMEC, a Chilean engineering company, was selected to conduct the engineering and cost estimation for the mine and process infrastructure. Following a site visit, AMEC has prepared and issued design criteria, a number of equipment specifications, preliminary flowsheets for approval and a grind size optimisation study. AMEC is also reviewing the various downstream processing options.
- Indophil has agreed to enter into an option agreement over a package of tenement applications in Luzon, with previous exploration identifying good potential for porphyry copper-gold systems. Indophil is assessing several other areas that offer potential for acquisition of advanced exploration opportunities.

**AFRICAN LION LTD – AFL (AUSELECT – 29.8%)
AFRICAN LION 2 LTD – AFL2 (AUSELECT – 18.6%)**

Funds Summary

The two African funds have delivered excellent performance for AuSelect shareholders. This performance has come from continued good progress from the investee companies including the successful IPO of Platmin Limited in the United Kingdom and Canada. AuSelect invested A\$11.4 million in AFL which has concluded its active investment phase. To date AuSelect has received A\$12.6 million in dividends and returns with the remaining value of the AuSelect investment in AFL valued at A\$17.9 million. AFL2 is currently in its active phase of investment. To date AuSelect has invested A\$5.6 million in AFL2 with a current value of A\$14.0 million.

- Funds Performance

Combined African Lion Funds	US\$m
Funds Committed	68.3
Funds Returned to Shareholders	47.3
Current Portfolio Value (after tax)	103.7
Total Fund Value and Returns (after tax)	151.0

- Funds Activities

A follow on investment was made by AFL2 in Albidon (US\$2.5 million) at A\$0.95 cents per share for a further 3.5 million shares. AFL2 now holds 7.8% of Albidon. AFL holds 20.7% ownership of Albidon following the exercise of 5 million options at US\$0.20 exercise price.

In July 2006, AFL2 finalised an initial investment in Birim Goldfields Inc (US\$1.7m), a Canadian company focussed on gold exploration in Ghana. AFL2 has now invested US\$20 million of the US\$34 million committed capital and continues to look for new opportunities in this active stage of the fund.

- Platmin Limited, Bushveld South Africa - PGMs (Pre-IPO: AFL 8.4%/ AFL2 4.0%)

Platmin listed on both the London AIM market and the Canadian TSX with a trading code of PPN on August 10. The IPO of Platmin has increased the combined value of the African Lion funds by US\$14.9 million at the IPO listing price of C\$4.00. Platmin has traded up to C\$5.00 post listing.

Prior to the IPO Platmin announced an increase in Resources at its key projects. The updated mineral Resources attributable to Platmin are tabled below.

Category	Tonnes	Grade (PGE+Au)	Ounces
Measure and Indicated	18.3 Mt	4.42 g/t	2.6 Moz
Inferred	98 Mt	4.47 g/t	14.1 Moz

The main focus of Platmin following the IPO is completion of the feasibility study on the Pilanesberg Project by March 2007.

- Albidon Limited, Zambia - nickel/PGMs (AFL 20.7%/ AFL2 7.8%)

Albidon announced a significant increase in Resource at the Munali project with 87% of the Resource now in the Indicated category. The Indicated and Inferred Resource for the Enterprise Deposit is now 8.0 Mt at 1.4% nickel and 0.9 g/t of Platinum Group Metals (PGM) containing 109,000 tonnes of nickel and 222,000 ounces of PGM.

Subsequent to the quarter end, Albidon announced the Bankable Feasibility Study for the Enterprise Nickel Deposit was complete and indicates positive economics for the project. The BFS was based on a 900,000 tonnes per annum underground mine producing 9,000 tonnes per annum of contained nickel. Direct cash operating costs are estimated at US\$2.00 per pound of nickel in concentrate, before by-product credits, smelting and refining charges.

Albidon remains in discussions on offtake contracts for the Munali concentrate with a number of nickel smelting groups.

A Development Agreement has been signed with the Zambian government locking in key incentives over a five-year stability period.

- Mineral Deposits Limited, Senegal – mineral sands/gold (AFL2 3.5%)

In July, an increase in the Resource was announced at the Sabodala Gold Project by 75% to 2.2 million ounces.

Step-out drilling has extended mineralisation 320 metres further north with the zone now 860 metres in length and remaining open north and south. The significant step-out gold intersections include:

20.0 metres	@	6.8 g/t Au	from	362 metres
20.75 metres	@	7.0 g/t Au	from	147 metres
6.0 metres	@	42.6 g/t Au	from	244 metres (all downhole).

The Grand Côte Zircon Project and the Sabodala Gold Project is awaiting the grant of a Mining Concession.

- Sphere Investments Limited, Mauritania – iron ore (AFL 3.4%/ AFL2 5.6%)

Stage 2B of the Bankable Feasibility Study on the Guelb el Aouj proceeded during the quarter with 80% of the planned 29,000 metres of resource drilling completed by the end of June. An Indicated Resource for the Guelb el Aouj East Deposit is expected to be defined by the end of September 2006.

Sphere has spun off Shield Mining Limited, which will focus on gold and base metals exploration in West Africa. Shield has A\$4 million in cash and is looking to raise a further A\$1.5 million through an IPO closing in September. Prior to the IPO, Sphere will make an in specie distribution of its 25.4 million shares in Shield. This equate to 1 for every 5 Sphere shares held. Post IPO the combined AFL funds will hold approximately 7% of Shield, assuming an A\$1.5 million raising.

- Birim Goldfields Inc, Ghana - gold (AFL2 5.8%)

In July, AFL2 finalised an investment (US\$1.7 million) in Birim Goldfields, a Canadian junior gold explorer focussed on Ghana.

Birim has commenced an aggressive work program, including extensive drilling, on multiple targets already defined on it's Bui and Sefwi properties. Birim is currently drilling its properties on the Bui Belt in central Ghana. First drilling results from this ongoing programme are expected next quarter.

Birim holds a royalty over the Dunkwa property and the Mampon Gold deposit on which Golden Star Resources is currently conducting further exploration.

- Adamus Resources Limited, Ghana - gold (AFL2 4.1%)

The Southern Ashanti Feasibility study infill drill program is ahead of schedule with over 14,000 metres of drilling completed since the commencement of the Feasibility Study in March this year. The Feasibility Study is well underway and scheduled for completion in the first quarter of 2007. Adamus is fully funded through feasibility, following a \$13 million capital raising in May. The project has two Resources, at Anwia and Salman, with a combined 1.5 million ounce Resource inventory.

In July Adamus completed the acquisition of the Anwia South Project which is located within 3 kilometres south of the Anwia Deposit and 10 kilometres southwest of the Salman Deposit. Recent drilling intersected consistent, near surface, high grade gold mineralization including: 2.4 metres @ 14.3 g/t gold, 7.9 metres @ 10.8 g/t gold and 3.1 metres @ 12.7g/t gold. These results have the potential to add significant, high grade resource ounces, to the Southern Ashanti Gold Projects.

More information on the African Lion funds is available on the website www.afl.co.za

ASIAN LION FUND - ALF

- In July, AuSelect announced the creation of Asian Lion Limited (ALF). ALF will provide capital for development projects, feasibility studies and advanced exploration in junior mining companies active in Asia. ALF is modelled on the success of the African Lion funds.
- Founding shareholders have now been finalised, with AuSelect, ABN Amro, Proparco, and the International Finance Corporation (IFC), an arm of the World Bank Group, committing to a total initial fund size of US\$21.6 million. AuSelect's commitment to ALF is US\$7 million. Discussions are occurring with several financial institutions, other than the founding shareholders, which may result in an increase in fund size.
- ALF's international shareholders can collectively or individually offer a political "umbrella" and provide local knowledge of many regions in Asia. They may also have an interest in assessing further funding of projects where ALF has taken an early investment.
- Work has started aggressively with over 50 opportunities identified and around half reviewed at to date.
- The Manager of ALF will be Lion Manager Pty Ltd, which is also the Manager of AuSelect.

LAFAYETTE MINING LIMITED - PHILIPPINES/POLYMETALLIC (AUSELECT – 5.1%)

- In response to two discharges of process water late in 2005, a Presidential Fact Finding Commission (FFC) was formed to examine alleged health effects of the project. The FFC report was delivered on 19 May 2006, with no credible adverse health effects identified on the surrounding community. As part of the final review process, the Department of Environment and Natural Resources (DENR) convened a public forum on 31 May and appointed a panel of experts to respond to presentations made by the project team. A thorough review of all the FFC findings was carried out by the DENR.
- During the quarter, base metals plant commissioning resumed at the Rapu Rapu polymetallic mine in the Philippines. Following completion of a range of remedial measures at the project to strengthen environment management systems, and extensive consultation with all interested parties, the DENR issued a Temporary Lifting Order (TLO). The TLO permits the base metals plant to operate for a period of thirty days, to sample and test environmental management systems.
- The base metals plant commissioning process is staged with initial water testing, followed by waste rock testing and finally ore processing. On 25 August, Lafayette confirmed that it

had successfully moved into the third stage of the test run, involving the processing of ore and chemical reagents to produce copper, zinc, gold and silver. Lafayette expects to progressively ramp up production of copper and zinc concentrates from the processing plant and to further test the project's environmental management systems. An application for a Permanent Lifting Order will then be made to formalise and complete the environmental and regulatory rehabilitation of the project.

- The re-establishment of Lafayette's social licence and resounding public support for restart of the Rapu Rapu Project received from the host communities and other sectors of the public in the Philippines, were the result of Lafayette's renewed commitment to transparent stakeholder engagement.

AUSTINDO RESOURCES CORPORATION NL – INDONESIA /GOLD (AUSELECT – 0.7%)

- Subsequent to quarter end, Austindo announced that following an independent investigation into project costs and a number of project scope changes, an additional expenditure of approximately US\$15.2 million will be required to complete the Cibaliung gold project in Indonesia. Substantial cost increases were reported in relation to the gold processing plant, project delivery and financial, legal and holding costs. Austindo will seek additional debt finance and equity funding to meet the increased costs.
- The gold processing plant has been shipped to Indonesia and PT Petrosea have substantially completed detailed engineering regarding the relocation of the plant, scheduled to commence on site during the September 2006 quarter. Gold production scheduled to begin in the first quarter of 2007.
- Construction of the Box Cut has been completed and decline development commenced subsequent to quarter end. The Decline Contractor was delayed in mobilising due to contractor manning and equipment issues and as such the decline development is behind schedule. A review of the mine plan is being undertaken to maximise revenues in the first quarter and throughout 2007.
- Subsequent to quarter end, Austindo announced the resignation of Mr Ian Price as Managing Director and Chief Executive Officer. Mr Hermani Soeprapto has been appointed as Chief Operating Officer, assuming responsibility for all of Austindo's Indonesian activities with particular emphasis on the delivery of the Cibaliung project. Mr Soeprapto is a mining engineer with over 30 years experience with the Freeport-MacMoran group, mainly in Indonesia.

WESTONIA MINES LIMITED - WESTERN AUSTRALIA/GOLD (AUSELECT – 0.4%)

- Westonia completed the Feasibility Study into the re-development of the Westonia Gold Mine. The key results of the study are:

Contained gold in pit	560,000 oz at 1.2 g/t
Annual production	75,000 – 80,000 oz
Cash cost	Approx \$555/oz
Capital cost	\$65 million

Westonia is pursuing a number of initiatives which are expected to incrementally improve project economics. The project commissioning is targeted for the September quarter 2007. Westonia is currently assessing financing alternatives.

- Westonia has been undertaking exploration aimed at identifying new projects on the Westonia Greenstone Belt. Aeromagnetic surveying in March 2006, has so far identified six potential repeats of the Edna May Gneiss unit, which hosts the Westonia gold mineralisation. Further assessment of these targets will follow with a view to commence drilling during September 2006.

LEVIATHAN RESOURCES LIMITED – AUSTRALIA/GOLD (AUSELECT – 5.1%)

- Gold production during the June quarter was 26,571 ounces, 7% higher than the March quarter. The grade of ore mined (5.0 g/t) was higher than in the previous six months reflecting stronger stopping grades from the Golden Gift GG5 and GG1 orebodies. However, milled tonnes and grade treated (4.5 g/t) included ore from low grade oxide stockpiles.

Stawell Gold Mine (LVR – 100%)	June Qtr 2006	March Qtr 2006	Dec Qtr 2005	Sept Qtr 2005
Quarterly production				
Ore treated - tonnes (million)	0.20	0.19	0.21	0.17
Ore - grade (g/t Au)	4.5	4.6	5.0	5.7
Recovery (%)	92	91	92	94
Gold (000's ounces)	26.6	24.9	29.6	29.7
Cash cost (A\$/oz)	476	501	450	446

- Resource definition drilling into the Lower Golden Gift No. 5 block commenced during the quarter. Drillhole MD4822A recorded a downhole intercept of 18.1 metres at 22.9 g/t gold, equating to a true width of approximately 10.5 metres. This result is expected to increase the ore tenor of this block, which is currently 341,000 tonnes at 7.3 g/t gold for 80,000 ounces.
- At Golden Gift No. 3 block (GG3), resource definition drilling has discovered a new ore zone located approximately 25 metres east of existing ore reserve blocks. Best results include:

MD4683	7.4 metres	@	52.4 g/t Au	at	1115 RL metres (below surface)
and	10.1 metres	@	20.9 g/t Au	at	1125 RL metres (below surface)
MD4774	23.5 metres	@	26.1 g/t Au	at	1135 RL metres (below surface)
MD4820	25.2 metres	@	20.5 g/t Au	at	1140 RL metres (below surface)

These results are likely to increase the GG3 mineral inventory.

AUSELECT INVESTMENT BRIEFINGS

The timing and format of the bi-annual AuSelect investment briefings, will be dependant on the outcome of the Sedimentary takeover. Further information will be advised later in the year.



SHAREHOLDER INFORMATION

Issued shares:	51.3 million	Share price at quarter end:	\$1.365
Quarter high:	\$1.60	Quarter low:	\$1.17
Volume traded:	2.1 million	NTA after tax:	\$1.46

Further enquiries:
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Any resource estimates provided within this quarterly report were sourced from relevant investee company quarterly reports and announcements.