

AuSelect Limited

Quarterly Report for the 3 months ended 31 January 2006

KEY POINTS

- Gallery**
 - Scheme of Arrangement with international gold company IAMGOLD to acquire Gallery. Potential post-tax profit attributable to AuSelect (including interest in AFL and AFL2) of approximately \$6 million based on Gallery price at 31 January 2006.

- Indophil**
 - A\$27 million Tampakan pre-feasibility study on track for completion September 2006.

- African Lion**
 - Platmin: Significant corporate interest and planned AIM listing.
 - Mineral Deposits: Senegal zircon project advancing and BFS underway on gold project.
 - Albidon: BFS on underground nickel mine, Zambia.
 - Sphere: BFS on iron ore mine, Mauritania.

- Equinox**
 - Completed sale with post-tax profit attributable to AuSelect (including interest in AFL) of \$3.8 million.

INVESTMENT SUMMARY TABLE

Investment	ASX Code	Country/Activity	AUS Holding %	Amount Invested \$m	Market Value \$m
At 31/01/2006					
African Lion (AFL & AFL2) – AuSelect share of African Lion Investments					
Albidon Limited	ALB	Africa – explorer/Zambia – nickel	5.0	1.5	4.1
Gallery Gold	GGN	Botswana/Tanzania – gold	2.1	2.7	7.1
Mineral Deposits	MDL	Senegal – mineral sands/gold	1.4	1.2	4.1
Platmin Limited	unlisted	SA – PGMs	2.6	2.0	4.7
Sphere Investments	SPH	Mauritania – iron ore	2.4	0.5	1.6
Other				1.0	1.8
Total African Lion investment			20.9	8.8	23.2
Listed Investments					
Austindo Resources	ARX	Indonesia/Aust – gold	0.8	0.5	0.6
Gallery Gold	GGN	Botswana/Tanzania – gold	1.8	2.2	6.0
Indophil Resources	IRN	Philippines – copper/gold	10.7	11.0	21.2
Lafayette Mining	LAF	Philippines – polymetallic	2.9	2.0	2.8
Leviathan Resources	LVR	Australia – gold	5.0	3.6	4.6
Sedimentary Holdings	SED	Australia – gold	2.1	0.7	1.6
Westonia Mines	WEZ	Australia – gold	0.5	0.2	0.3
Total Investments				29.0	60.3
Additional cash committed to AFL2					4.0
Cash allocated to Asian Lion					9.3
Net cash after AFL2 and Asian Lion					3.4
Total Net Assets					77.0
Net Tangible Asset (NTA) before tax (cents per share)					150.1
Net Tangible Asset (NTA) after tax (cents per share)					131.9

Note: For NTA purposes, African Lion's portfolio values listed investments at market and unlisted investments at cost or last issue price. A\$/US\$ exchange rate of 0.75

INVESTEE UPDATE

GALLERY GOLD LIMITED – BOTSWANA & TANZANIA/GOLD (AUSELECT – 1.8%)

Corporate

- In December 2005, IAMGOLD, a medium sized Canadian gold company, announced a Scheme of Arrangement under which IAMGOLD will acquire all the shares in Gallery. Under the scheme, Gallery shareholders including Lion will receive one IAMGOLD share for every 22 Gallery shares held. Gallery will become a wholly owned subsidiary and will delist from the ASX. IAMGOLD will list on the ASX around 27 March, trading as CHESSE Depositary Interests rather than ordinary shares. The Directors of Gallery unanimously support the proposal in the absence of a superior offer, which will be voted on at a shareholder meeting on 3 March 2006. If the scheme is approved by the requisite majority, then, subject to Court approval scheduled for 13 March, the scheme will be binding on all Gallery shareholders.
- At the time of announcement, IAMGOLD's offer represented a 28% premium on Gallery's prevailing share price and a 40% premium above Gallery's one month volume-weighted share price. The offer initially valued Gallery at 46 cents, representing a potential pre-tax profit of A\$2.5 million on AuSelect's cost base of A\$2.2 million. At the end of January, Gallery's share price was 57.5 cents reflecting the improvement in IAMGOLD's share price and an increase in the US\$ gold price, which correlates to a potential pre-tax profit of A\$3.8 million.
- In addition to AuSelect's shareholding in Gallery, AFL/AFL2 holds a further 65.5 million shares which represents a potential pre-tax profit of US\$20 million. AuSelect's share of this would be around 19%.

Botswana

- At the Mupane gold mine in Botswana, gold production during the quarter was lower than forecast with 16,923 ounces of gold produced, due to the need to blend low grade oxide ore into the feed whilst treating the transitional ores. A treatment regime for transitional ores has been implemented, with recoveries returning to +90% for the months of November and December.

Quarterly production	Dec Qtr 2005	Sept Qtr 2005	June Qtr 2005	March Qtr 2005
Ore treated - tonnes (million)	0.26	0.27	0.30	0.20
Ore - grade (g/t Au)	2.3	2.7	3.1	3.3
Recovery (%)	87	85	92	93
Gold (000's ounces)	16.9	20.1	27.5	24.5
Cash cost (US\$/oz)	342	326	237	233

- Mupane recorded a tragic fatal incident when a roller compactor overturned during construction work associated with raising the tailings wall.

Tanzania

- Infill drilling at the Busolwa deposit resulted in an additional 21,000 ounces of gold being added to the Busolwa resource, bringing the total to 806,000 ounces at a grade of 1.8 g/t



gold. This drilling program converts 268,000 ounces from an inferred to indicated category. The total Buckreef resource now stands at 1.93 million ounces at 2.2 g/t gold.

LAFAYETTE MINING LIMITED - PHILIPPINES/POLYMETALLIC (AUSELECT – 2.9%)

- In December 2005, AuSelect committed to invest in Lafayette Mining Limited (Lafayette), a listed Australian company that holds an interest in the Rapu Rapu polymetallic project in the Philippines. AuSelect committed to invest \$2 million in Lafayette at 11 cents per share following a separate share placement with Australian and overseas institutional investors, which raised \$8 million for Lafayette.
- On 10 November, Lafayette announced it had suspended processing activities whilst it investigated two separate discharges of process water at Rapu Rapu earlier in the quarter. The first incident occurred within the gold processing plant on 11 October 2005, and following an investigation by the Department of Environment and Natural Resources (DENR) and the Mines and Geosciences Bureau (MGB), approval was given to continue operations. The second event occurred on 1 November with Lafayette subsequently suspending operations and the MGB notifying the company of the rectification and review of a number of issues. Lafayette have been working closely with the DENR and MGB to investigate the events, remediate adverse affects and ensure there is no reoccurrence.
- Prior to the suspension of processing activities, production at Rapu Rapu during the quarter totalled 12,775 tonnes of gold ore mined, along with 7,740 tonnes of base metal ore. A total of 2,693 ounces of gold were produced for the quarter.
- Subsequent to the end of the quarter, Lafayette announced board and management changes, with the introduction of a Filipino partner to oversee operational and administrative activities in the Philippines. Mr Carlos G Dominguez has joined as Chairman, President and Chief Executive Officer of Lafayette's operational arm, Lafayette Philippines Inc, and has also joined the board of Lafayette in Australia. Mr Dominguez has held the positions of Minister for Natural Resources and Secretary of Agriculture, President and CEO of Philippine Airlines, and Chairman, President and CEO of Philippine Associated Smelting and Refining Corporation. In addition, Robin Widdup, Managing Director of AuSelect Limited and Lion Selection Group has joined the board of Lafayette. Mr Dominguez and Mr Widdup are to replace two retiring Lafayette directors.

INDOPHIL RESOURCES NL - PHILIPPINES/COPPER & GOLD (AUSELECT – 10.7%)

- The A\$27 million pre-feasibility study for the Tampakan copper-gold project in the Philippines, remains on track for delivery in September 2006. Good progress has been made in the drilling program and work has been undertaken to determine the project's mining and waste management options. In addition, a new interim resource block model was produced as part of mine planning. A range of metallurgy and infrastructure studies have been initiated.
- In November 2005, Indophil announced an updated resource estimate for Tampakan, increasing the contained metal by around 15%. The new estimate is a Measured, Indicated and Inferred Resource estimate of 8.9 million tonnes of contained copper at 0.66% copper and 11.6 million ounces of gold at 0.27 g/t gold (at 0.3% copper cut-off grade). This updated estimate includes a Measured Resource for the first time representing 34% of the resource. Previously the Tampakan deposit was reported to an Indicated and Inferred level.

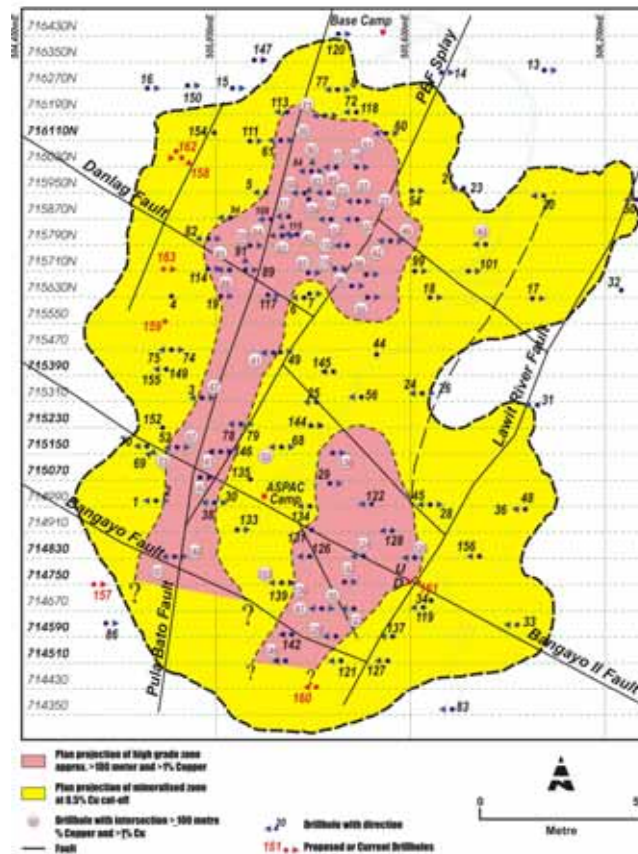
- The updated estimate increases the known resources from 1.2 billion tonnes at 0.8% copper equivalent to 1.3 billion tonnes at 0.82% using a cut off grade of 0.3%. Indophil reported that there is exploration potential within a global reporting pit that is approximately 50% of the tonnage already defined by drilling (at a lower grade). Indophil believes that the defined resource and this exploration potential, if realised, could be in the range of 1.8 – 2.2 billion tonnes.
- Indophil completed 17 new drill holes, with drilling focussing on the southern part of the deposit. Drill results include:

TMPD141	129 metres	@	1.07% Cu	0.22 g/t Au	61 ppm As	from	203 metres
TMPD143	90 metres	@	1.40% Cu	0.30 g/t Au	2566 ppm As	from	166 metres
TMPD146	86 metres	@	1.26% Cu	0.32 g/t Au	136 ppm As	from	206 metres
TMPD148	86 metres	@	2.05% Cu	0.43 g/t Au	532 ppm As	from	287 metres
TMPD151	127 metres	@	1.75% Cu	1.03 g/t Au	1377 ppm As	from	31 metres
TMPD153	104 metres	@	1.44% Cu	0.56 g/t Au	1247 ppm As	from	252 metres

The five diamond drill rigs utilised in the current drilling campaign will continue to be used until the end of March.

- Exploration commenced on several prospect areas within seven kilometres of the Tampakan resource.

TAMPAKAN PLAN PROJECTION OF MINERALISATION AND DRILL HOLE LOCATION



AFRICAN LION LTD – AFL (AUSELECT – 18.7%)
AFRICAN LION 2 LTD – AFL2 (AUSELECT – 23.7%)

- Fund Activities

During the quarter, AFL exited its Equinox Minerals investment for US\$2.3 million resulting in a pre-tax profit of US\$1.5 million. Subsequent to the end of the quarter, AFL2 made an initial investment of A\$2.7 million in Adamus Resources Limited. AFL2 has now invested US\$12.9 million of its US\$25.4 million committed capital.

- Platmin Limited, Bushveld South Africa – PGM's (AFL 8.9%/ AFL2 4.1%)

Platmin is an unlisted company planning to list on the AIM market in mid 2006. The share register of the company has undergone significant change with Australian listed Minerals Securities acquiring an estimated 10%. The level of corporate interest in Platmin remains high with a major platinum company increasing its position to over 20%.

Platmin is actively progressing a BFS study on its Pilanesberg project (Bushveld, South Africa), where a box cut is currently being developed at the Tuschenkompst project area for trial mining and metallurgical information. Platmin has a suite of quality projects across the Bushveld with a resource inventory of 21.7 million ounces PGM's (combined Measured, Indicated and Inferred). The portion of this resource that is directly attributable to Platmin is 13.8 million ounces.

Platmin is currently completing a rights issue to raise US\$14.6 million, and both AFL and AFL2 anticipate taking up their respective rights.

- Albidon Limited, Africa - nickel/PGM's (AFL 19.6%/ AFL2 5.6%)

At the Munali project in Zambia, feasibility work on a new underground nickel mine continues with a decision to proceed with the final stage of the Bankable Feasibility Study announced mid December, due for completion in mid 2006. Drilling at the Enterprise deposit continues to extend the mineralisation, and the most recent drilling results include:

Hole	Metres	% Ni	% Cu	% Co	PGM*
MAD 195	23.4	1.97	0.34	0.11	1.09
MAD 215	8	1.92	0.17	0.14	1.28

* Pt + Pd

Significantly, Hole MAD 215 is located 50 metres beyond limits of previous Albidon drilling, the deposit remain open to the north and down dip. Drilling at Enterprise has now recommenced with two drill rigs. Two additional drill rigs are expected on site, these will allow acceleration of both extensional drilling at Munali and regional drilling.

Albidon has an extensive exploration portfolio in East Africa. In Botswana, the large project area around Selebi-Phikwe has been flown using EM as part of the Albidon – BHP Billiton exploration cooperation agreement. Follow up ground EM surveys are underway on coincident EM and soil geochemical anomalies. Targets confirmed by ground EM will be drilled commencing in February.

Mr Dale Rogers was appointed to the position of Managing Director to lead the Company through the transition from exploration to mining. Former Managing Director, Dr Donal Windrim will take up the role of Executive Director responsible for exploration strategy, project generation and new business development.

- Mineral Deposits Limited, Senegal – mineral sands/gold (AFL2 5.8%)

Mineral Deposits Limited continues to aggressively drill at the Sabodala gold project as part of the Bankable Feasibility Study (BFS). In January, at the completion of phase 1 drilling, the initial resource of 1.26 million ounces at an average grade of 2.2 g/t gold (combined Measured, Indicated and Inferred) was announced at a 0.5 g/t cut off grade. The deposit remains open along the Sabodala shear in both directions as well as at depth. A first program of drilling at the Niakafiri deposit, some 2.5 kilometres south of the main Sabodala mineralised zone, was completed in mid January with assay results pending.

An aggressive drilling program is ongoing at Sabodala to extend beyond the recent resource (contained within an area of 450 metres strike by 300 metres width to a depth of 130 metres).

In January, the Senegalese authorities approved the Environmental Impact Study covering the entire Exploration Permit of the Grande Côte Zircon Project. Five thousand metres of drilling has been completed. This will help to improve confidence in, and potentially expand, the existing 801 million tonnes at 2.6% heavy metals resource estimate. The Grande Côte BFS is almost finalised with site construction to be completed by the third quarter of 2007. First zircon sales are expected in January 2008. Zircon production is expected to be approximately 100,000 tonnes per annum with potential to expand to 160,000 tonnes per annum. Capital costs are expected to be US\$125 million to achieve 100,000 tonnes per annum.

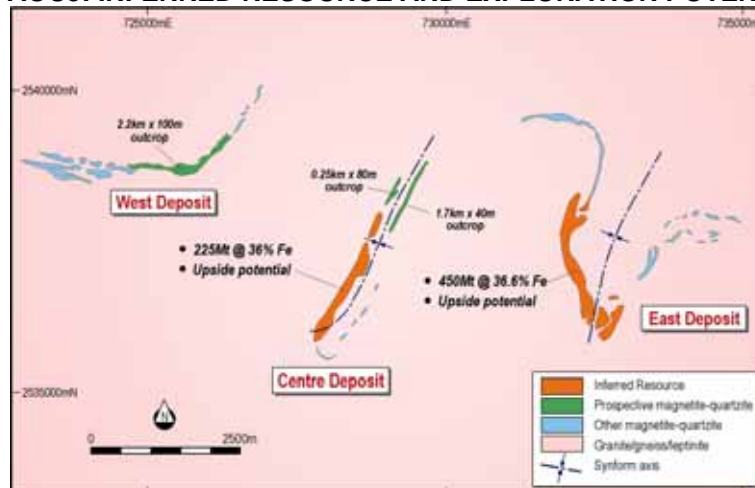
- Sphere Investments Limited, Mauritania – iron ore (AFL 8.2%/ AFL2 5.4%)

Sphere Investments Limited has given the go-ahead for the next stage of the Bankable Feasibility Study (BFS) on its US\$850 million iron ore project in Mauritania (in joint venture with local iron ore producer SNIM). Sphere is on track to complete the final stage of the BFS by the mid 2007 at a cost of US\$22 million, earning Sphere a 50% interest.

The BFS is focussing on a 7 million tonnes per annum magnetite pellet project based on the Guelb el Aouj East Deposit (current Inferred Resource 450 million tonnes). Potential to expand comes from development of the Centre Deposit (current Inferred Resource 225 million tonnes). Sphere is also considering the potential for a second pellet project based on other iron ore deposits held by Sphere in Mauritania, most likely with participation from steel mills that might take up equity investment and provide off-take support.

Sphere has started to evaluate other iron ore deposits within the SNIM JV project area and to date has announced preliminary results on the Tintekrate and Bou Derga deposits, both lying between the Guelb el Aouj area and existing SNIM rail line.

GUELB EL AOUJ: INFERRED RESOURCE AND EXPLORATION POTENTIAL



- Gallery Gold, Botswana/Tanzania – gold (AFL 12.7%/AFL2 0.4%)

Gallery Gold is also a direct investment of AuSelect – please see the Gallery Gold section of this Quarterly Report.

- Kalahari Diamonds, Botswana - Diamonds (AFL 2.2%)

Petra Diamonds Limited is currently acquiring Kalahari. Petra is a diamond producer and explorer with its main assets in Southern Africa including three diamond mines in South Africa.

AUSTINDO RESOURCES CORPORATION NL – INDONESIA & AUST/GOLD (AUSELECT – 0.8%)

- At the Cibaliung gold project, in Java, construction commenced in November 2005. The commencement of work on site was marked by a traditional ground breaking ceremony at the site of the portal to the underground mine which was attended by leaders of the local community, government officials and company representatives. Preparation of the Box Cut is underway and gold production is scheduled to begin in the fourth quarter of 2006.
- Austindo awarded Aker Kvaerner a contract to provide engineering services for the relocation of the Mount Olympus gold processing plant from Western Australia to Indonesia. In addition, a contract has been awarded for the dismantling of the processing plant for shipping to Indonesia, and work on the dismantling has commenced.
- Surface exploration at Pekalongan in Central Java resulted in several geochemical anomalies being identified. In addition, a new tenement area in Papua, Aisasjur prospect, has been granted to Austindo under the alliance with the Anglo American Group to explore for large porphyry copper gold deposits.
- Subsequent to the end of the quarter, Austindo announced that a new exploration area, Trenggalek, in East Java has been granted. Trenggalek is prospective for low sulphidation epithermal gold/silver deposits similar to Cibaliung, and is the fourth gold project Austindo is undertaking in Indonesia to further the growth strategy.
- During the quarter, Austindo issued \$4 million of Convertible Notes to Macquarie Bank Limited and clients of Austock Corporate Finance Limited to satisfy project finance requirements to demonstrate additional capacity to fund contingencies. In addition a Project Facility Agreement was signed with ANZ Investment Bank in relation to the provision of a US\$26 million project finance facility.

WESTONIA MINES LIMITED - WESTERN AUSTRALIA/GOLD (AUSELECT – 0.5%)

- Westonia completed dewatering the pit prior to Christmas 2005. Grade control drilling commenced on the Western end of the pit floor in November 2005, with the drilling program due for completion by the end of February 2006. Results from this drilling program are awaited.
- Subsequent to the end of the quarter, interim results from the grade control drilling program were announced, which have validated the tonnage and grade profile of the 2004 Feasibility Study and indicate that the orebody may be mined up to at least a 1.0 g/t gold cut off grade.

- Westonia is confident that the resource infill drilling program will achieve the objectives of converting inferred mineralisation to indicated status and that due to new drill holes filling previous gaps in the resource, a significant improvement will occur in the quantity of gold in the open pit resource. Best drill intercepts reported subsequent to quarter end include:

WRC05-0097	2 metres	@	42.5 g/t Au	from 78 metres
WRC05-0166	8 metres	@	4.3 g/t Au	from 55 metres
WRC05-0588	3 metres	@	12.2 g/t Au	from 51 metres
WRC05-0599	13 metres	@	31.6 g/t Au	from 57 metres
WRC05-0600	11 metres	@	4.9 g/t Au	from 15 metres

- During the quarter, Westonia revisited the 2004 Feasibility Study model, to test the project's feasibility in light of the higher gold price. New drilling information is expected to improve the robustness of the geological resource and the project. Westonia seeks to confirm the likely operating costs and start-up capital costs in parallel with the completion of drilling and calculation of a new resource estimate. This is aimed at fast-tracking the formal feasibility process.
- A Structural and Prospectivity Review of the Westonia Greenstone Belt has been underway over the past four months, which is expected to continue into 2006. As a result, Westonia has recommenced field exploration programs in the area.
- LION MANAGER'S NOTE:*** We expect that the current A\$730/oz gold price should improve the economics of this project. At the time of the 2004 Bankable Feasibility Study the gold price was in a A\$550 – 580/oz range. While costs will have risen since 2004, this should be more than compensated by the higher gold price.

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

- The Cracow Gold mine in Queensland surpassed nameplate production rate of 300,000 tonnes per annum during the quarter with mill throughput and recovery being above budget. In addition, there was a 17% reduction in operating cash costs to \$255 per ounce.

Quarterly production (Sedimentary's share)	Dec Qtr 2005	Sept Qtr 2005	June Qtr 2005	March Qtr 2005
Ore treated - tonnes (million)	0.02	0.02	0.02	0.02
Ore - grade (g/t Au)	12.2	12.2	11.7	9.2
Recovery (%)	94	94	90	90
Gold (000's ounces)	9.1	6.8	6.2	4.1
Cash cost (US\$/oz)	255	307	310	417

- Drilling continued to test for continuation of mineralisation within the Kilkenny structure. Significant new results included:

CBK189	12 metres	@	8.9 g/t Au	from 833 metres
CBK194W	4.4 metres	@	17 g/t Au	from 768 metres

The Kilkenny structure is open along strike and at depth.



- During the quarter, NuStar Mining Limited (Sedimentary holding 18.1%) announced an agreement to merge with Intrepid Mineral Corporation (Intrepid). Intrepid is an emerging Canadian gold and silver miner, focussed on exploration in South and Central America. Sedimentary's interest in the merged company would become approximately 11%.

LEVIATHAN RESOURCES LIMITED – AUSTRALIA/GOLD (AUSELECT – 5.0%)

- Gold production during the December quarter was 29,642 ounces, in line with forecast levels. Total gold production for the year was 115,196 ounces, a record for Stawell Gold Mines. Ore grade was lower than previous quarters, due to mining from lower grade stopes. Gold production in January has been marginally impacted due to bushfire smoke in Western Victoria and commitment of personnel to fire fighting and recovery efforts.

Stawell Gold Mine (LVR – 100%)	12 months to Dec 2005	Dec Qtr 2005	Sept Qtr 2005	June Qtr 2005	March Qtr 2005
Quarterly production					
Ore treated - tonnes (million)	0.72	0.21	0.17	0.17	0.17
Ore - grade (g/t Au)	5.4	4.9	5.7	5.9	5.0
Recovery (%)	93	92	94	94	92
Gold (000's ounces)	115.2	29.6	29.7	30.3	25.5
Cash cost (A\$/oz)	435	462	446	431	393

- Resource definition drilling has focussed on converting resources to the reserve target of 450,000 ounces over 2005. As at December 2005, mineral resources were 402,000 ounces and ore reserves were upgraded by 42% to 431,000 ounces, giving a mineral inventory of 833,000 ounces. The reduction in mineral inventory was due to mining depletion, the conversion of resource to reserve and the reassessment of some resources in the Magdala orebody.

ASIAN LION

A fourth partner is continuing the approval process of up to US\$6 million commitment to Asian Lion. If successful this will result in start-up of the new Asian Lion fund. Current committed capital to US\$17.5 million is from the following participants:

	US\$m
AuSelect	7.0
ABN AMRO	7.5
Proparco	3.0

AUSELECT ANNUAL GENERAL MEETING – 9 DECEMBER 2005

The AuSelect Annual General Meeting was held on Friday 9 December at 10.15am. The two resolutions, for the re-election of Mr Ewen Tyler as director of AuSelect Limited and for the remuneration report, were approved by a show of hands. No other resolutions were put to the meeting. Copies of the Chairman's address and the Managing Director's presentation can be found at the AuSelect website www.auselect.com.au



SHAREHOLDER INFORMATION

Issued shares:	51.3 million	Share price at quarter end:	\$1.19
Quarter high:	\$1.20	Quarter low:	\$0.91
Volume traded:	6.5 million	NTA after tax:	\$1.32

Further enquiries:
Brooke Robertson
Investor Relations Manager
Email: aus@auselect.com.au

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