

KORAB RESOURCES LIMITED

BATCHELOR PROJECT

ANNUAL REPORT SEL24855

Year ended 23 January 2007

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1. EXECUTIVE SUMMARY

The work completed during the tenement year ending 23 January 2007 consisted of a comprehensive data review of historic geological and geophysical data, a ground radiometric survey, field geological mapping and discussions with land owners.

The work completed, confirmed a number of targets prospective for uranium and base metal (predominantly sediment hosted copper-zinc-lead-silver) mineralisation. These areas require further geological and geophysical investigation, in particular detailed field mapping and ground radiometric surveys.

It is anticipated that once site access issues are resolved that these targets will be further explored with rock chip and soil sampling, radiometric surveys and then, if justified, by drilling.

2. INTRODUCTION

In February 2004, Ausmet Resources Ltd (Ausmet) entered into an agreement with Savanna Mineral Resources Pty Ltd (Savanna) to earn an interest in EL's 9253 and 9501, ERL 134, MLN's 512-515, and applications AN495 and AN515. Ausmet carried out a review of previous exploration on the tenements and proposed a program of follow up work as outlined in the 2004 annual report. Some of this was completed in 2004 but field work was abandoned in November with the onset of the wet season.

Early in 2005, Ausmet shifted its corporate focus from mineral exploration to coal development in the eastern states, culminating with its change of name to Bounty Industries Limited and re-listing in March 2005. Most of its mineral exploration interests were assigned to Korab Resources Limited (Korab) which then sought listing on the Australian Stock Exchange. Korab listed on 31 August 2005 and was then able to commit positively to its exploration obligations.

Following successful listing on ASX, Korab applied on behalf of Savanna to convert exploration licences EL9501 and EL9253 into substitution exploration licence SEL24855 which was granted on 24 January 2006.

3. TENEMENT STATUS

SEL 24855 was granted to Savanna Mineral Resources Pty Ltd, a wholly owned subsidiary of New World Alloys (previously Mt Grace Resources NL), on 24 January 2006. Korab Resources Ltd has a joint venture with Savanna to earn interest in SEL 24855 and is the operator and manager of this joint venture.

4. PREVIOUS WORK

Regional stream and soil geochemistry in the 1970's outlined a number of anomalies within the lower Koolpin Formation, including White Bomb East (Pb/Zn), CRAY (Glen Luckie) (Zn) and Occidental (Pb/Zn), which received sporadic follow-up. Giants Reef Mining carried out further work that led to the discovery of the White Bomb gossan, which it drilled with 4 RC and 2 diamond holes, with the best intersection of 6m of 12% Zn and 2% Pb. Most mineralisation in the area appears to be spatially associated with an altered dolerite sill.

Work by Ausmet involved a re-sampling of drill chips from historic drill holes within the Coomalie Dolomite and Whites Formation for copper, zinc, lead and silver. The results of this work have previously been reported but recorded a number of additional areas to be followed up for potential zinc mineralisation.

5. WORK COMPLETED

Reconnaissance geological mapping and ground radiometric surveys were carried out over the project area during February 2006 and September 2006.

This work was designed to provide field checks to interpreted geological boundaries as well as test the radiometric response of various lithological units.

The work highlighted a number of areas of anomalous response, however as a result of equipment failure during the follow up programme, these anomalies are still to be adequately tested and mapped.

A number of areas were mapped as having structural potential and require detailed sampling and mapping follow-up.

Unfortunately, part of the tenement lies within private land owned by Stanley Corporation, which is refusing access to the tenement holders, pending settlement of outstanding rehabilitation issues between Savanna and Stanley Corporation. Korab is reluctant to commit to significant expenditure pending settlement of these issues between Savanna and Stanley Corporation.

6. EXPENDITURE

In the 12 months to 23 January 2007, approximately \$28,056.15 was spent on direct exploration on the tenement, compared with the covenant of \$160,000. A much larger amount was spent on administration associated with the project but not directly attributable to the tenement.

The previous exploration manager expected to carry out field work in 2005 but prior to the beginning of the field season, it transferred its interests to a new party. This new party was refused access to the area by the private land owners, pending resolution of some outstanding rehabilitation issues with the tenement holder.

7. PROPOSED PROGRAMME

The basemetal targets within the Coomalie Dolomite and Whites Formation warrants further investigation. This would involve:

- a. Data review;
- b. Prospect-scale geological mapping;
- c. Interpretation of structural controls from air photography, magnetics and possibly ASTER images; and
- d. Percussion drilling.

In addition it has been more than 20 years since effective uranium exploration has been carried out in the area. The manager is in possession of quality airborne radiometrics which will help to guide future work which will involve:

- a. Ground radiometrics
- b. Analysis of high resolution magnetic and gravity data
- c. Soil and outcrop rock geochemistry
- d. Reverse circulation drilling and uranium geochemistry

It is envisaged that a minimum of \$160,000 would need to be spent to complete this work.

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