KORAB RESOURCES LIMITED

BACHELOR PROJECT

AN 515 YEAR 2 ANNUAL REPORT

Year Ended 26 September 2007

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EXECUTIVE SUMMARY

Application AN515 is a part of the exploration ground in the Rum Jungle Mineral Field near the town of Batchelor, collectively referred to as the Batchelor Project. The project is prospective for uranium, thorium, gold and base metal mineralisation.

The work completed on the tenement during the Year 2nd ended 26 September 2007 consisted of a review of geological data, and interpretation of ground radiometric and airborne magnetic survey data. The work resulted in outlining a number of areas prospective for uranium mineralisation, which require further geological mapping, sampling and ground radiometric surveying. On the basis of the results of these works, a drilling program is being planned and will be carried out as soon as possible, pending drill rig availability.

INTRODUCTION

Korab is the manager and operator of the Batchelor joint venture with Savanna Mineral Resources Pty Ltd. The joint venture commenced in 2004 and the rights of the previous operator, Ausmet Resources were assigned to Korab in March 2005.

Korab Resources Limited is in the process of transferring the rights to 90% of uranium and thorium mineralisation within the projects with Korab Resources Ltd earning an interest in Uranium Australia Limited, its wholly owned subsidiary. This transaction was not completed during the reporting year, but had a significant impact on the progress of exploration.

TENEMENT STATUS

AN515 was granted on 27 September 2005 covering 2.35 km² to Savanna Mineral Resources, a wholly owned subsidiary of New World Alloys (previously Mt Grace Resources NL). During the reporting period Korab Resources Ltd had a joint venture with Savanna and is the operator and manager of this joint venture.

GEOLOGICAL BACKGROUND

The Rum Jungle mineral field lies on the western side of the Pine Creek Inlier where Palaeoproterozoic low-grade greenschist facies metasediments are unconformably draped around the Archaean Rum Jungle and the Waterhouse granitic basement complexes.

The Palaeoproterozoic sequence is locally unconformably overlain by hematite quartzite breccia and by late Palaeoproterozoic sandstone and conglomerate.
The two basement complexes together with the Proterozoic rocks are displaced dextrally by 4 to 5 km along the regional Giant's Reef Fault, creating a wedge-shaped embayment of sedimentary rocks, juxtaposed against the Rum Jungle Complex in the south-eastern block.

Unconformity-style uranium mineralization in the Rum Jungle area is known to occur dominantly at particular stratigraphic horizons in the sedimentary packages overlying the Rum Jungle (and associated) basement granites, and so exploration is largely restricted to these rocks units – hence the distribution of the Company's titles. Uranium and base metal mineralisation is hosted by graphitic or chloritic pyritic phyllite of the Whites Formation at its contact with the underlying dolomite-magnesite of the Coomalie Dolomite.

The Korab’s tenement package, including AN515, is located to the south of the Rum Jungle Complex within the Mt Partridge Group, and has a number of similar stratigraphic and structural features that allow a consistent exploration methodology to be applied. The main area of interest is the Coomalie Dolomite unit of the Mt Partridge Group in the Lower Proterozoic Pine Creek Geosyncline including the horizon along the contact zone between the Whites Formation and the Coomalie Dolomite. Airborne radiometric anomalies along strike from the Rum Jungle uranium mine further to the east and south-east also represent exploration opportunities.

Within the Batchelor area, the Wildman Siltstone units of the Mt Partridge Group in the Lower Proterozoic Pine Creek Geosyncline and the Koolpin Formation within the South Alligator Group are prospective for uranium and gold mineralisation and host a number of existing and historic uranium deposits in the region. They flank an Archean Dome (uraniferous Rum Jungle Complex) which is interpreted to be the source of the uranium in the overlying sediments. The project contains a number of radiometric and coincident magnetic highs within middle and lower Proterozoic units.

**PREVIOUS WORK**

The area has been subject to various regional surveys for a range of commodities including uranium, copper, zinc, lead and silver and gold.

Stream sediment sampling was completed over large areas north from the Adelaide River and weakly anomalous zones were outlined. A regional soil sampling program was completed for base metals and uranium. Several areas with elevated metals content in soils were outlined. Regional stream sediment sampling found numerous zones of elevated metals content.

At the Woodcutters Mine, northeast of the project area, the black shale type Pb-Zn mineralisation occurs in shear zone within the White’s Formation along the Coomalie Dolomite contact, in the stratigraphic position identical to the Rum
Jungle uranium and polymetallic mineralisation. 6 million tonnes of ore was mined at a grade of 12% zinc & 6% lead. Mining ceased in 1999.
Within the area of the Winchester magnesite deposit and the Sundance gold deposit, grid geological mapping followed up by ground radiometric and magnetics, bulldozer costeaneing, auger drilling and geochemical sampling over the area have been provided. During 2004, most of the drillholes were assayed for gold, zinc and lead. A number of elevated zones were identified including the Telegraph prospect where shallow drilling intersected a wide zone of elevated zinc values.

In the White Bomb Pb-Zn prospect, exploration included initial alluvial sampling at Sundance, and trenching at White Bomb and White Bomb East Gossans. A stratigraphic interval containing White Bomb, OXY anomaly and the CRA anomaly may contain a large lead-zinc ore body and consideration should be given to extensive electromagnetic surveys over the whole area. A gravity survey was completed with inconclusive results. Five holes were drilled with the best intersection of 6m at 12% Zn and 2% Pb. Rock chip samples got a maximum value of 2860ppm Zn.

The Occidental Pb-Zn project occurs in a dolerite sill, and mineralization is thought to be similar to the White Bomb Pb-Zn deposit. The soil anomaly was sampled to the northern boundary of the tenement.

The Hill 133 Au-base metal prospect occurs as mineralised quartz veins emplaced along the contact between the Wildman Siltstone and the Zamu Dolerite. An orientation stream sediment program was carried out downstream from the quartz veining. A gold value of 83ppb was the highest stream sediment assay and the others were below 7ppb. From the 16 rock chip samples, 8 were above 0.2ppm Au and 4 were above 1ppm Au.

As part of a regional survey of the Adelaide River area, the Maureen and Maureen Extended Au prospects were discovered 16km northeast of the main Batchelor project area. Trenching at both prospects indicated strongly anomalous gold values. 58 Reverse Circulation drill holes were completed which indicated narrow shoots of high grade gold mineralisation associated with north-west trending quartz-hematite veining at Maureen.

**WORK COMPLETED**

Work completed during the reporting period was related to the introduction of new staff members to the project and transferring uranium mineral rights to Uranium Australia Limited, a proposed new company to list on the Australian Stock Exchange in late 2007. An intensive data review was undertaken for by new employees as part of a familiarisation process and as part of the geological review prior to transfer of uranium rights.

One site visit was made as part of this process, and involved initial field checking of access issues and meetings with local stakeholders and officials.
After collection and collation of initial data, office work involved construction of a preliminary Geographic Information Database, and examination of spatial relationships between different datasets. Generation of derived maps from this database is ongoing and aided construction of proposed drilling and other exploration programs during the reporting period. Retrieval of historic information from NTGS records and databases, as well as published literature and Joint Venture partner documents was also commenced during the reporting period. Production of geophysical maps was also commenced through Southern Geoscience Consultants in Perth.

**EXPENDITURE**

In the 12 months to 26 September 2007, approximately $9,035 was spent on direct exploration and administration associated with the project.

**Expenditure report for the year ended 26 September 2007**

<table>
<thead>
<tr>
<th>Licence</th>
<th>AN 515</th>
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<tbody>
<tr>
<td><strong>Field Costs</strong></td>
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<tr>
<td><strong>Martin Fairclough Consulting Geologist</strong></td>
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<tr>
<td>Field work of the Batchelor Project, 2 days @ $900 per day</td>
<td>$1800</td>
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<tr>
<td><strong>Personnel</strong></td>
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<tr>
<td><strong>Inna Mudrovska New Chief Geologist for Korab</strong></td>
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<tr>
<td>Familiarising herself with tenements and data, preparation of future exploration plans, etc</td>
<td>$1,384.61</td>
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<td>$2,307.69 p/week x 3 days</td>
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<tr>
<td><strong>Rheingold Investments Corp PL - Andrej Karpinski</strong></td>
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<tr>
<td>Review of available data with Martin Fairclough and Inna Mudrovska Contract fees @ $25,000 per month – 3 days review</td>
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<td><strong>Geophysical Data</strong></td>
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<tr>
<td>Southern Geoscience Consultants - Data processing, imaging geophysical Data, etc</td>
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<td><strong>Admin Costs</strong></td>
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<td>$970.00</td>
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<td>$9,024.13</td>
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<td><strong>Minimum expenditure</strong></td>
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PROPOSED PROGRAM

The 2008 program for the tenement is a part of the exploration program for the whole Batchelor Project. In addition to further office work it is planned to undertake ground radiometric, soil and outcrop rock geochemistry, reverse circulation drilling and uranium geochemistry. These activities are dependent on access conditions, particularly weather. This would involve:

a. Additional review of historic data with further regional data received from JV partners;
b. Prospect-scale geological routes and sampling;
c. Radiometric surveying;
d. Interpretation of ground radiometrics and airborne magnetics images;
e. Percussion drilling and uranium and base metal geochemistry.

It is envisaged that a minimum of $10,000 would be spent to complete this work. Increased expenditure is envisaged depending upon ongoing results of work.