KORAB RESOURCES LIMITED

BATCHelor PROJECT

COMBINED ANNUAL REPORT

EL’s 25132, 25133, 25134 & 25135

Year ended 12 July 2008

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Korab Resources Limited
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EXECUTIVE SUMMARY

Korab Resources Limited holds a number of tenements in the Rum Jungle Mineral Field near the town of Batchelor, collectively referred to as the Batchelor and Green Alligator Projects. The tenements form a contiguous exploration ground prospective for unconformity-type uranium mineralization. A number of base metal and gold prospects have also been identified. The work completed on the tenements during the year ended 13 July 2008 consisted of a data review of existing geological and geophysical data, interpretation of ground radiometric and airborne magnetic survey data, field geological studies and negotiations with land owners.

Recently CSA Global Pty Ltd was appointed to manage the exploration affairs of Korab Resources in the Northern Territory. Since their appointment CSA Global’s staff has pursued an active exploration program over all of Korab’s licences. The initial exploration effort has focused on collating all of the historical and company data that pertains to the licence area.

As part of the data collation copies of all of the relevant open file reports in IRMS have been obtained and read. A significant number of closed file company reports along with re-processed geophysical data has been acquired. The perusal of the historical data has indicated there are several areas of elevated geochemistry or radiometric response that need additional work.

Unfortunately a delay in the commencement of field work has been caused by the fact that none of the historical data is available in digital format. The digital capture of the data is essential to define areas that have been inadequately explored and areas where previous work has produced significant results that have yet to be followed up.

The work resulted in outlining a number of areas prospective for base metals, gold and uranium mineralisation. These prospective areas require further geological and geophysical studies, in particular detailed field mapping and ground radiometric surveys and comprehensive sampling. On the basis of the results of these works, a drilling programme is being planned and will be carried out as soon as possible, pending drill rig availability and finalisation of all regulatory approvals.
INTRODUCTION

Korab Resources Limited is the owner, manager and operator of the Batchelor and Green Alligator projects. Prior to the acquisition of the Batchelor tenements by Korab they constituted 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.

In late 2007 Korab Resources Limited has transferred the rights to 90% of uranium and thorium mineralisation within the projects to Uranium Australia Limited.

TENEMENTS STATUS

During the reporting period Korab Resources Ltd had acquired the interest of Savanna in the Batchelor joint venture. EL's 25132, 25133, 25134, 25135 were granted to Korab Resources Ltd on 13 July 2006. In September 2007 the four tenements were granted Combined Reporting status.

GEOLOGICAL BACKGROUND

The Rum Jungle area is located south of Darwin in the Northern Territory, Australia. The Rum Jungle uranium field lies on the western side of the Pine Creek Inlier where Palaeoproterozoic low-grade greenschist facies metasediments are unconformably draped around two Archaean granitic basement complexes - the Rum Jungle Complex to the north and the Waterhouse Complex to the south. 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 Palaeoproterozoic sequence is locally unconformably overlain by hematite quartzite breccia and by late Palaeoproterozoic sandstone and conglomerate. The larger deposits (White's, Dyson's and Rum Jungle Creek South) as well as many of the smaller prospects show a spatial association with this unconformity. 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. Consequently the titles have a number of similar stratigraphic and structural features (such as being located within the lower part of the Mount Partridge Group, where locally most uranium mineralisation is known to occur) that allow a consistent exploration methodology to be applied. The tenement package is located to the south of the Rum Jungle Complex within the Mt Partridge Group.
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. The U-515 prospect adjoins the Rum Jungle uranium deposit and represents a target for exploration. 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. (Fig 1)

![Figure 1: Geological setting of EL25132, 25133, 25134, 25135](image)

There are historic and operation deposits of base metals, gold, and magnesite. The largest deposits of the area are: Rum Jungle (U); Woodcutters (Pb-Zn-Ag), Browns (Pb-Cu-Ni-Co), Adelaide River, Sundance (Zn-Pb-Au); and Winchester (Mg).

**PREVIOUS WORK**

The tenements 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. Sulphide ore bodies occurred as 400m long, 25m-wide massive lenses and sheet veins, controlled by north-south trending faults and dilation zones. 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 costeining, auger drilling and geochemical sampling over the area have been provided. During 2004, most of the holes drilled for magnesite and located to the east of the Winchester deposit were assayed for gold, zinc and lead. Although the database was incomplete, 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. No mapping was carried out around the project 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 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. Both prospects are hosted within carbonaceous mudstone, pyritic chert and dolerite intrusions forming part of the Koolpin Formation. Trenching at both prospects indicated strongly anomalous gold values associated with quartz veining and silicification within sulphide bearing sediments, tourmalinites and meta-volcanics. 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 expansion and review of a Geographic Information Database, and examination of spatial relationships between different datasets. One site visit was made to the project and involved meetings with local stakeholders and officials. Generation of derived maps from the database is ongoing and has 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 undertaken and concluded during the reporting period. Data was converted to format used in spatial analysis software and digitised.

Recently CSA Global Pty Ltd was appointed to manage the exploration affairs of Korab Resources in the Northern Territory. Since their appointment CSA Global’s staff has pursued an active exploration program over all of Korab’s licences. The initial exploration effort has focused on collating all of the historical and company data that pertains to the licence area.

As part of the data collation copies of all of the relevant open file reports in IRMS have been obtained and read. A significant number of closed file company reports along with re-processed geophysical data has been acquired. The perusal of the historical data has indicated there are several areas of elevated geochemistry or radiometric response that need additional work.

Unfortunately a delay in the commencement of field work has been caused by the fact that none of the historical data is available in digital format. The digital capture of the data is essential to define areas that have been inadequately explored and areas where previous work has produced significant results that have yet to be followed up.

Korab and CSA Global believe that the current tenement package in the Batchelor region which includes licences EL 25132 – EL 25135 has the potential to host several different styles of orebody ranging from gold to uranium and base metals. To allow the completion of the data capture and follow-up field work.

During the year, Korab Resources has been prevented from carrying out field work on one of the licences, EL 25133. This licence due to ongoing issues with the freehold land owner.

This licence falls within land wholly owned by Stanley Corporation (WA) Pty Ltd and, although permission was given to access the land, the conditions imposed by the landowner were excessive. This resulted in Korab Resources lodging a Plaint with the Department on 22 April 2008. Korab Resources requested that the Warden determine the conditions under which access would be allowed onto the subject land to allow exploration to take place.

Since the Plaint was lodged the landowner has put the affected land on the market and is seeking a price of $5M for the two land sections that it owns. This has further delayed matters involving access to the land.
Uranium/Potassium Channel Radiometry
Principal Areas of Interest
EXPENDITURE

In the 12 months to 12 July 2008, approximately $29,000 was spent on direct exploration.

Expenditure report for the year ended 12 July 2008

<table>
<thead>
<tr>
<th>Licence</th>
<th>EL 25132 23%</th>
<th>EL 25133 26%</th>
<th>EL 25134 27%</th>
<th>EL 25135 24%</th>
<th>TOTAL 100%</th>
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<tbody>
<tr>
<td><strong>Field Costs</strong></td>
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<td></td>
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<tr>
<td>Accommodation</td>
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<td>310.46</td>
<td>317.52</td>
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<td><strong>Personnel</strong></td>
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<tr>
<td>Martin Fairclough</td>
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<tr>
<td>Consulting Geologist</td>
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<tr>
<td>2 days @ $900 per day</td>
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<td>475.20</td>
<td>486.00</td>
<td>432.00</td>
<td>1,800.00</td>
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<td>Dr. Inna Mudrovska</td>
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<td>Senior Geologist</td>
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<td>5 days @ $12,000 per month</td>
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<td>754.29</td>
<td>771.43</td>
<td>685.71</td>
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<td>Dr. Stephen White</td>
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<td>GIS Geologist</td>
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<td>10 days @ $6,800 per month</td>
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<td>Rheingold Investments Corporation Pty Ltd</td>
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<td>Review of available data with Martin Fairclough, Dr Mudrovska and Dr White</td>
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<td>Contract fees @ $45,500 per month - 2 days review</td>
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<td>CSA Global Pty Ltd</td>
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<td>Review of past exploration and geophysical data</td>
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<td>contracts fees</td>
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<td><strong>Admin Costs</strong></td>
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<td><strong>Total</strong></td>
<td>6,296.16</td>
<td>7,354.81</td>
<td>7,521.97</td>
<td>6,686.19</td>
<td>27,859.13</td>
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PROPOSED PROGRAMME FOR 2008/2009

The 2008/2009 programme for each of the tenements is similar due to their geological continuity. In addition to further office based work (detailed below), 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.

It is envisaged that a minimum of $25,000 in total will be spent to complete this work. Increased expenditure is envisaged depending upon ongoing results of work.

EL 25132

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;
f. Expenditure envisaged to be at least $5,000.

EL 25133

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;
f. Expenditure envisaged to be at least $7,500.

EL 25134

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;
f. Expenditure envisaged to be at least $7,500.

EL 25135

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;
f. Expenditure envisaged to be at least $5,000.