KORAB RESOURCES LIMITED

ANNUAL REPORT

SEL 24855
Batchelor, N. T.

YEAR 3
Period Ending 23 January 2009

By
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For

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SUMMARY

Korab Resources Ltd successfully carried out a reconnaissance ground radiometric survey over the tenement along with selected rock sampling of the stratigraphy.

Access to most of the tenement has been prevented by one of the landowners.

Elevated radiometric readings have been found associated with some of the stratigraphy on SEL 24855.

The significant Mt Deane Volcanic Member has been identified on the tenement. 57 rock samples have been collected. Several have returned anomalous values. Three were sent for petrographic studies.

Additional work is recommended.

1. INTRODUCTION

This document is the third annual report for SEL 24855 covering the period 24 January 2008 to 23 January 2009. The tenement is part of Korab’s Batchelor project as described in earlier annual reports.

2. 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 the 24th January 2006. Korab Resources Ltd had a joint venture with Savanna to earn an interest in the SEL and was the operator and manager of this joint venture. The licence was transferred to Korab on 4 April 2008.

SEL 24855 consists of 11 sub-blocks totaling 20.27 square kilometers. Although the SEL has been due for reduction twice, Korab has successfully argued for total waivers on both occasions in view of the access problems.

3. LOCATION

SEL 24855 is located west of the Stuart Highway and south of Batchelor Road approximately 100 kms. south of Darwin. The tenement is crossed by the recently bitumised Crate Lake Rd. thus cumulatively giving good all-year access to the tenement.

Fig 1 shows the freehold land covered by the tenement owned by the following:-

Section 2935: Peregrine P. Padgham-Purich and Gervase J. L. Padgham-Purich (As Executors). Darwin contact: Ms Kezia Purick.

Sections 2936 & 2937: Stanley Corporation (WA) Pty.Ltd.
4. GEOLOGY

The tenement falls within the Rum Jungle Uranium Field (RJUF) which itself is part of the Pine Creek Orogen. The Year 1 and Year 2 Annual reports described in some detail the regional setting of this and other Korab tenements nearby.

The local geology, Fig 3, as shown by recent NTGS mapping (Lally 2003), shows that the tenement is situated to the southeast of the Archaean Rum Jungle Complex and is underlain by the following Early Proterozoic stratigraphic units:- Mt Partridge Group, Crater Formation, Coomalie Dolostone, Whites Formation and Wildman Siltstone. The Wildman Siltstone within SEL 24855 also is represented by the Acacia Gap Quartzite and Mt Deane Volcanic Members. NTGS mapping also shows the intrusive Zamu Dolerite to be present.

5. PREVIOUS EXPLORATION

A check at the NTGS has shown that considerable exploration has been done in the vicinity of SEL 24855 in the past.

Most previous exploration has targeted uranium, gold, base metals and magnesite, the last for its magnesium metal content. Additional detailed information on previous explorers’ activities is given in the annual reports for Years 1 and 2 as filed by Korab Resources.

6. EXPLORATION PROGRAM AND TARGETS

Korab Resources’ targets on this tenement are volcano-sedimentary base metals, vein type uranium and quartz stockworks gold mineralisation.

Korab has identified the Mt Deane Volcanic Member of the Wildman Siltstone as having base metal and gold potential on adjoining tenements so this stratigraphic unit is targeted on SEL 24855.

This year’s program has concentrated on a tenement wide check of NTGS mapping along with composite rock sampling and detailed radiometric traversing using highly sensitive modern equipment.
Whilst Korab Resources Ltd had entered into an agreement with CSA Global Pty. Ltd to manage the exploration affairs on the Batchelor properties, field work on this tenement for this reporting period has been carried out by consultant contract geologist John A Earthrowl, M. Sc. of SilDol Pty.Ltd.

This year’s field program has been severely hampered by the inaccessibility of all the freehold land owned by Stanley Corporation (WA) Pty. Ltd namely Sections 2936 and 2937 as shown on Fig 1.

Field work was therefore limited to the ground north of Crater Lake Road and a thin NS corridor in the south east corner. Two regional traverses along the road reserves of Crater Lake Rd and Batchelor Rd were also completed partly to circumvent the lack of accessibility.

The field program as outlined in the Year 2 annual report was not able to be followed due to the constraints on access to land as described.

7. METHODS

As mentioned above, field access was limited to the eastern parts of the tenement so traversing was limited. An amended field program was put in place to fit in with the time available and the access available, as follows:-

7.1 Ground Traversing

With good access traversing was done mainly by quadbike with some foot traversing to rugged country. All traverses have been recorded as the radiometric surveying was done at the same time using the Bluetooth GPS connection. See Figs 3 and 4 for traverse locations.

7.2 Mapping

The traversing was mainly done to establish the accuracy of the NTGS mapping as shown on the 1:100,000 Rum Jungle Special Sheet.

Mapping done by Mark Whittle for Savanna Minerals in 1999 was found to be very useful and accurate. He mapped a “Very weathered basic/ultramafic?” unit that may be equivalent to the Mt Deane Volcanics.

7.3 Composite Rock sampling

A suite of samples has been collected from all the stratigraphic units present on the tenement. In addition samples have been collected from all gossanous outcrops as well as quartz veins seen during the traversing. Details are listed in Appendix 1.
7.4 Radiometrics

Using a *Radiation Solutions RS-125 SuperSpec* instrument Total Counts scintillometry was collected by quadbike traversing. This instrument allows recording of TC at 1 second intervals and GPS positions at 30 second intervals. For plotting purposes the one second readings have been averaged over the 30 seconds the GPS takes and the average plotted at the GPS location. Appendix 4 lists all the scintillometer data collected during the traversing.

This data lists the scintillometer results in spreadsheet form and the columns in order are as follows:-
Reading ID / Date / Time / Temperature / No of readings / Scan Time / The actual one second readings / GPS coord Latitude / Gps Coord Longitude / Altitude / Average of readings / Maxima of readings.

It is the Average that is plotted and shown on Fig 3 at the cords listed. Fig 4 is a plot of the maxima. Fig 5 is a histogram of all the averaged readings, and Fig 6 of the maxima. Individual one second readings can be accessed from Appendix 4.

In some cases due to GPS malfunction cords are listed as 000000 and such readings can then not be plotted. In some cases there are less than 30 readings recorded per GPS interval.

In addition spectrometry was recorded from all outcrops that were sampled. This data was also recorded on the sample docket and is listed in the spreadsheet for sample data for this EL as shown in Appendix 1.

7.5 Assaying

All samples collected are processed at Northern Territory Environmental Labs. (NTEL) in Darwin. Samples are routinely analysed for copper, cobalt, nickel, lead, zinc and gold. Other elements were assayed for on Job 13478. Uranium assaying is only done if spectrometric data indicates anomalism.

Results of assaying are shown in App. 2a and 2b.

7.6 Petrography

Three samples of the very weathered basic rock thought to be the Mt Deane Volcanics were sent to Pontifex & Associates Pty. Ltd for thin section and polished section studies. It was hoped that, even though highly weathered, such work would throw some light on the origin of the rock and its original mineralogical constituents. The Pontifex Mineralogical report is shown in App 4.
8. WORK DONE AND RESULTS

Quadbike and foot traversing within the tenement totaled approximately 21.5 kms. This allowed a detailed cross section sampling of radiometrics as well as the collection of a suite of rocks from most of the stratigraphy.

8.1 Mapping

The local geology as mapped by NTGS was found to be reasonably accurate except for several misidentifications of Zamu Dolerite that should probably have been mapped as Mt Deane Volcanics. This is yet to be verified by petrography and detailed geochemistry.

The Whittle / Savvana map of 1999 shows the “very weathered basic / ultramafic unit” to correspond to a series of “Zamu Dolerite?” outcrops that are shown on the BMR 1984 Geology of the Rum Jungle Uranium Field. Whittle’s field description is very similar to the description of the Mt Deane Volcanics shown on BMR and more recent NTGS maps.

More field checking is required, but it is postulated that the Mt Deane Volcanic Member is outcropping both sides of the Acacia Gap Tongue by folding.

Following the Mt Deane Volcanics in the field is often difficult as the outcrops of this very weathered unit are often obscured by the talus slopes of the more resistant Acacia Gap Tongue Quartzite.

Detailed magnetics should help delineate the Mt Deane Volcanics as petrography suggests a moderate magnetite content.

8.2 Rock Sampling

A representative suite of most stratigraphic units was collected during the traversing, although sampling priority was given to any gossanous material, quartz veining and the Mt Deane Volcanic Member. App 1 gives the details of the rock samples collected.

Of the total 57 samples collected, 18 were of definite or possible Mt Deane Volcanics, 2 of Acacia Gap Tongue quartzite/sandstone, 7 of Coomalie Dolostone, 5 of Crater Formation, 5 of Wildman Siltstone, 5 of Whites Formation, 11 of quartz veining/stockworks and the remainder unidentified.

8.3 Radiometrics

The quadbike radiometric traversing method, as described above, produced 357 GPS control points which amounted to 9,996 1 sec scintillometer readings over the 21.5 kms traversed.
Appendix 3 shows the 30 sec averaged readings and the maxima, the two sets of data that are plotted on the traverse routes shown in Figs 3 and 4. In addition Figs 5 and 6 are histograms of the same data.

The wide spaced radiometric survey results show some low level anomalism in the Whites Formation/Coomalie contact area on Crater Lake Rd. No highly anomalous radiometric readings were encountered in the traversing completed.

8.4. Assay Results

Assay results for the 57 rock samples collected this year are shown in App. 2a and 2b.

Sample 110977 returned anomalous gold values (0.8ppm Au). Less anomalous but still indicating gold mineralisation, was returned from samples 111334, 111340, 111343, 111349, 111353, 111357 and 111358. Statistically significant is the fact that only one of all the 57 samples returned a value below the detection limit of 1 ppb.

Anomalous nickel values, with three greater than 0.1%, were obtained from various, but not all of the samples that had been field recorded as Mt Deane Volcanics:-110952, 110975, 110979, 110981, 110982, 110985, 110986, 110987, 111337, 111338, 111350, 111351, 111353, 111355.

Some of these samples are also above average in Zn for basic rocks as was the case with samples from adjoining tenements of Korab Resources.

Sample 111336 returned 0.102%Ni with 0.191%Co but associated with 19.2% Fe and 5.98% Mn probably indicating a high manganese gossan with scavenging of base metals. This rock came from suboutcrop, probably veining within the Coomalie Dolostone/Whites Formation.

Some of the samples have returned Fe values much higher than expected from the lithologies recorded, such as sample 111355 47.2% Fe which is listed as “carbonaceous Siltstone, red-grey, White Formation”.

These values are suspicious and will be reassayed/resampled.

8.5 Petrography

Mineralogical Report No. 9456 by Ian Pontifex M Sc. is attached as App. 4. His report concludes that the three samples are “extensively altered and weathered original mafic rocks, (micro-doleritic or coarse basaltic)”. Pontifex agrees that fresher samples of the rock are required for a more definitive identification.
9. Conclusions

The field work completed in Year 3 for SEL 24855 has confirmed the regional accuracy of current NTGS mapping except for the probable mixup of Zamu Dolerite and Mt Deane Volcanics as described.

This presence of the Mt Deane Volcanics, although not yet fully defined on the ground, is of significance to Korab Resources in view of the anomalous Ni-Co-Cu-Zn-Au values obtained from this unit in adjoining tenements.

Radiometric results have shown a series of moderate anomalous areas that require followup next year.

10. Recommendations

Next years field program will be much influenced by whether access will be possible on the Stanley Corporation freehold land. If the entire tenement is available for exploration then the program as outlined in the Year 2 annual report can be followed.

If access to Stanley Corporation land is not possible then the Year 4 program will be limited to the same land that was available this year.

This would allow follow up on the Mt Deane Volcanics base metal potential, including testing of the “Sillstone Prospect”, soil nickel anomaly outlined by Savanna Minerals located at approximately WGS84 8556400N, 727600E.

In addition further mapping of the variously described, highly weathered basic rocks will be done to determine whether they are all Mt Deane Volcanics and also whether they are comagmatic. This unit may be traceable using detailed airmagnetics interpretation with ground magnetics followup. This unit will be further sampled along strike to determine the extent of its Ni-Co-Cu-Zn-Au anomalism.

Drilling of the unit will be done to get fresh samples for petrographic studies. RAB or RC drilling with diamond tails will be used initially.
11. **Expenditure Statement**

This year's covenant was $200,000.

Statement attached.

12. **Next Years Program And Budget**

Work proposed for Year 4 is expected to comprise the following:

a. Additional review of historic data especially airborne magnetics work done by previous explorers. This should aid in the delineation of the Mt Deane Volcanics.
b. Acquisition and interpretation of the recently flown *Geoscience Australia* airborne EM data.
c. Ground magnetic surveys in selected areas to define in detail the structure of the Mt Deane Volcanic Member prior to drilling.
d. Infill radiometric surveying within the anomalous areas defined in Year 3.
e. Infill rock sampling
f. Further geochemistry and possibly petrology of the Mt Deane Volcanics.
g. RAB or RC drilling of the Mt Deane Volcanics to obtain unweathered samples.

A minimum expenditure of $50,000 is anticipated.
Figure 1: SEL 24855 Location and Block Map: Topographic and Cadastre
Figure 2: SEL 24855  Rock Chip Sample Locations
Figure 3: SEL 24855 Radiometric Traverses: TC 30 sec Averages
Figure 4: SEL 24855  Radiometric Traverses: TC 30 sec Maxima
Figure 5: SEL 24855  Histogram of TC Scintillometry: Averages

Korab Resources Ltd
Blockhead Project N.I.
SEL24855

Histogram of the average value of total scintillometer counts in each 30 second interval

March 2009

Average of total scintillometer counts in each 30 second interval

Number of sites (multiply by 10)

0 10 20 30 40 50 60 70 80 90

92 115 138 162 185 208 231 255 278 301
Figure 6: SEL 24855  Histogram of TC Scintillometry: Maxima