KORAB RESOURCES LIMITED

ANNUAL REPORT

SEL 24855
Batchelor, N. T.

YEAR 4
Period Ending 23 January 2010

By
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For

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SUMMARY

During Year 4, although physical access to the tenement was still a problem, some field work was completed with significant, encouraging results.

Additional regional tracing and sampling of the Mt Deane Volcanic unit has returned many nickel values over 0.1% Ni.

Detailed soil sampling and geophysics at one location has indicated sufficient nickel soil anomalism to warrant drilling next year.

1. INTRODUCTION

This document is the fourth annual report for SEL 24855 covering the period 24 January 2009 to 23 January 2010. 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 has a joint venture with Savanna to earn an interest in the SEL and is the operator and manager of this joint venture.

SEL 24855 consists of 11 sub-blocks totaling 20.27 square kilometers. Although the SEL has been due for reduction three times, Korab has successfully argued for total waivers on all occasions in view of the access problems due to the inflexible freehold landowner.

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 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.

Section 74: Mr Ian G. Fleiter & Dr. Helen M. Parkes

Section 163: Mr Savvas J. Christodoulou

Sections 204, 235 & 237: Albert Albany c/o Public Trustee of NT.

Excluding the Stanley Corporation, all of the above land owners were contacted prior to field work and were helpful and accommodating.

4. GEOLOGY

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

The local geology, Fig 2, 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 be 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 includes 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, 2 and 3 as submitted 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 mainly of the Mt Deane Volcanics.

A detailed GPS grid has been established over a portion of the NTGS mapped Zamu Dolerite in the vicinity of the Mt Grace / Savannah Minerals' "Siltstone Anomaly"where that company had obtained anomalous soil nickel values.

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 once again 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. Korab Resources however decided late in the year to access the land in selected places after obtaining legal advice.

7. METHODS

An amended field program was put in place to fit in with the time available and the access available, as follows:-

7.1 GA AEM Data Acquisition and Interpretation

Korab Resources contracted consultant geophysicist Frank Lindeman to acquire this recently released data for all of Korabs tenements including SEL 24855. The AEM lines crossing the SEL are 1001704, 1102202 and 1102302 as shown on Fig 3. The details of the AEM data along with the underlying NTGS interpreted geology are shown in Figs 3a, 3b and 3c

7.2 Ground Traversing

Ground traversing was done on a quadbike with foot traversing in hilly country.

7.3 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.

7.4 Surface Rock sampling

Rock chip samples have been collected from outcrop, suboutcrop and in places rubble as sown in App 1. The Mt Deane Volcanic Member has been targeted where present along with other stratigarphy when gossanous or radiometrically anomalous.

A total of 149 rock chip samples were collected and their location is shown on Fig 2 with description of the samples in App 1.

7.5 Detailed Gridding…. "Siltstone Anomaly"

The presence of anomalous nickel in the rocks in the vicinity of the Mt Grace / Savanna Minerals previously named “Siltstone Anomaly” was verified and it was therefore decided to carry out more detailed sampling.

The distribution of the postulated Mt Deane Volcanics can be seen by soil colour in the absence of outcrop / suboutcrop. A grid approximately 200m NS by 80m EW in the vicinity of the 0.2% Ni values was decided on. The grid is centered at 8556300N, 727525E and is located in the southeast of the SEL 24855 as seen on Fig 4.

The 60 sites were subjected to the following methods:

- Auger soil sampling with samples assayed for Co, Cu, Ni, Fe, S, P and Zn
- Ground Magnetics
- Ground Scinitillometry
- Ground Spectromery

7.5.1 Auger Soil Sampling

Soil samples were taken of the B or C horizon from a depth of maximum 1m at 10m intervals on three lines 20m apart as shown in Fig 4. A total of 60 samples were collected and their details are listed in App 2.

7.5.2 Ground Magnetics

Ground magnetic readings were taken with a 1nT hand held instrument during a day with no recorded sun spot activity as checked by reference with the Ionospheric Prediction Service. Magnetic readings are shown in App 2.

7.5.3 Ground Radiometrics

Scintillometry and K, U and Th spectrometer readings were taken at each of the 60 sites and recorded in App 2. A *Radiation Solutions* RS-125 Super-Spec was used for this.

7.6 Assaying

All rock chip and soil samples collected have been processed at Northern Territory Environmental Labs. (NTEL) in Darwin. Rock chip samples are routinely analysed for copper, cobalt, nickel, lead, zinc and gold. Uranium assaying is only done if spectrometric data indicates anomalism.

Soil samples have been assayed for Co, Cu, Ni, Fe, S, Pb and Zn.

Results of assaying are shown in App 1 and 2.

7.7 Petrography

At the western end of the NTGS mapped Zamu Dolerite several outcrops registered anomalous scintillometry which the RS-125 Super Spec instrument showed to be due to elevated uranium.

Sample 128917 of this volcanic rock (?) was sent to Pontifex & Associates for thin section study. Their Report No 9634 is in App 3 complete with photos.

8. WORK DONE AND RESULTS

Quadbike and foot traversing within the tenement totaled approximately 42.5 kms.

8.1 AEM Interpretation

Fig 3a is a combination figure showing the AEM data in section and the NTGS geology along the Line L 1001704 flown. Very low conductivity is recorded west of 728700E which corresponds to the underlying dolostones of the Coomalie and Celia and the psammitic Crater Formation. To the east of 728700E conductivity abruptly increases at a near vertical contact where the underlying units are mapped as the Whites formation , Wildman Siltstone and interbedded Mt Deane Volcanics and Acacia Gap Quartzite, the latter showing a lower conductivity.

Fig 3b, similarly, shows the low conductivity west of 727200E to correspond to the Coomalie Dolostone and Crater Formation sandstones/arkoses/conglomerates, although the plot suggests the line was actually flown approximately 400m north of where shown.

On Fig 3c it can be seen that the flight line is parallel to the regional structure between 724400 and 727600E thus making it difficult to interpret the conductivity response.

West of 723200E however the sudden decrease in conductivity is due to the underlying Coomalie Dolostone.The increased conductivity a depth at 724100e may be due to the mapped underlying Zamu Dolerite / Mt Deane Volcanics?

8.2 Ground Traversing and Mapping

The Whittle / Savanna map of 1999 shows a “very weathered basic / ultramafic unit” and this correspond to a series of “Zamu Dolerite?” outcrops that are shown on the BMR (1984) Geology of the Rum Jungle Uranium Field 1;100,000 map sheet.

More field checking, geochemistry and petrography is required but it is postulated that Whittle's unit is in fact the Zamu Dolerite s mapped by the BMR in 1984 and by Lally on the 2003 NTGS Rum Jungle 1:100,000 map sheet.

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

8.3 Rock Sampling

Rock chip sampling during the year has targeted the Mt Deane Volcanics. Of the 149 samples collected, 139 were from the interpreted Deane Volcanics units. The other 10 were from various Koolpin and quartz complex outcrops.

Base metal values from the Mt Deane Volcanics are erratic but Ni values remain anomalous in most outcrops. Significant maximum nickel assays recorded are as follows:

- Sample 128894 of **2440ppm Ni**, from 8556078N, 727137E.
- Sample 128670 of **2350ppm Ni**, from 8556204N, 727400E

Of all the assaying done in the year 47 samples returned Ni values greater than 0.1% of which 15 ran greater than 0.2% Ni. All of these anomalous nickel values came from the stratigraphic unit mapped by Mt Grace / Savanna as "very weathered basic / ultramafic" and the BMR mapped as "Zamu Dolerite?" On the basis of sampling todate, the high nickel values are clustered over a strike length of approximately 600m.

8.4 Detailed Gridding… "Siltstone Anomaly"

8.4.1 Auger Soil Sampling

Fig 4 shows the location of the Siltstone Anomaly grid within the boundaries of the SEL and as an insert showing the location and sample numbers of the 60 auger soil samples collected. Sample numbers were 128801 to 128860 and on the insert shown as 801 to 860.

Fig 4a is a plot of sample numbers 801 to 820 only with assay values for Co, Cu, Ni, Fe, S, Pb and Zn.

Similarly Fig 4b is a plot of assay values for samples 821 to 840 and Fig 4c is a plot of assay values for samples 841 to 860.

At the time of writing this report no detailed analysis of the assay results had been completed. However from App 2 the following summary comments can be made:

- Ni values range from 2050 to 22.6 ppm.

- Co values range from 240 to 8.45 ppm
- Cu values range from 349 to 15.6 ppm
- Fe values range from 19.8 to 1.3 %
- Pb values range from 46 to 6 ppm
- Zn values range from 187 to 10.5 ppm
- S values range from 16 to 20 ppm.

Of these assay results the Ni values are most significant and show a cluster of values over 0.1% over a width of approximately 100m on each of the three lines.

8.4.2 Ground Magnetics

No detailed analysis of ground magnetics has been completed. However a preliminary study of values which range from 49406 to 46080 shows that a 3400 nT anomaly is present and appears to correlate with the distribution of the Fe and Ni anomalism.

8.4.3 Ground Radiometrics

The TC, K, U and Th values obtained with the *RS – 125* SuperSpec also appear to show some correlation with Ni and Fe assay results. TC values ranged from 191 to 58 c/s; K values from 1.4 to 0 %; U values from 6.4 to 0 ppm and Th from 15.2 to 2.5 ppm.

8.5 Assay Results

See section 8.4.1 for comments on assay resuls.

8.6 Petrography

App 3 is the entire petrographic description by Pontifex & Associates of sample # 128917. Their conclusion is that the sample is infact an altered basic rather than felsic/acidic rock as had been field postulated. The relatively high U spectrometer reading of 131ppm and assay value of 79.3 ppm however is not normal for an igneous rock of basaltic composition, and definitely not the Zamu Dolerite unit.

9. Conclusions

The field work completed in Year 4 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.

The preliminary interpretation of the soil sample results from the Siltstone Anomaly indicates that a zonation of nickel values is present and that drilling is now warranted.

Radiometric results are of limited significance.

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 5 program will probably 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 drill 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.

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11. Expenditure Statement

This years covenant was $50,000.

The Expenditure Statement attached is attached as App 4.

12. Next Years Program And Budget

Work proposed for Year 5 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. Further interpretation of the recently flown *Geoscience Austrlia* airborne EM data.

c. Ground magnetic surveys in selected areas to define in detail the structure of the Mt Deane Volcnic Member prior to drilling.

d. Infill radiometric surveying in the vicinity of sample 128917.

e. Infill rock sampling along strike from the Siltstone Anomaly.

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

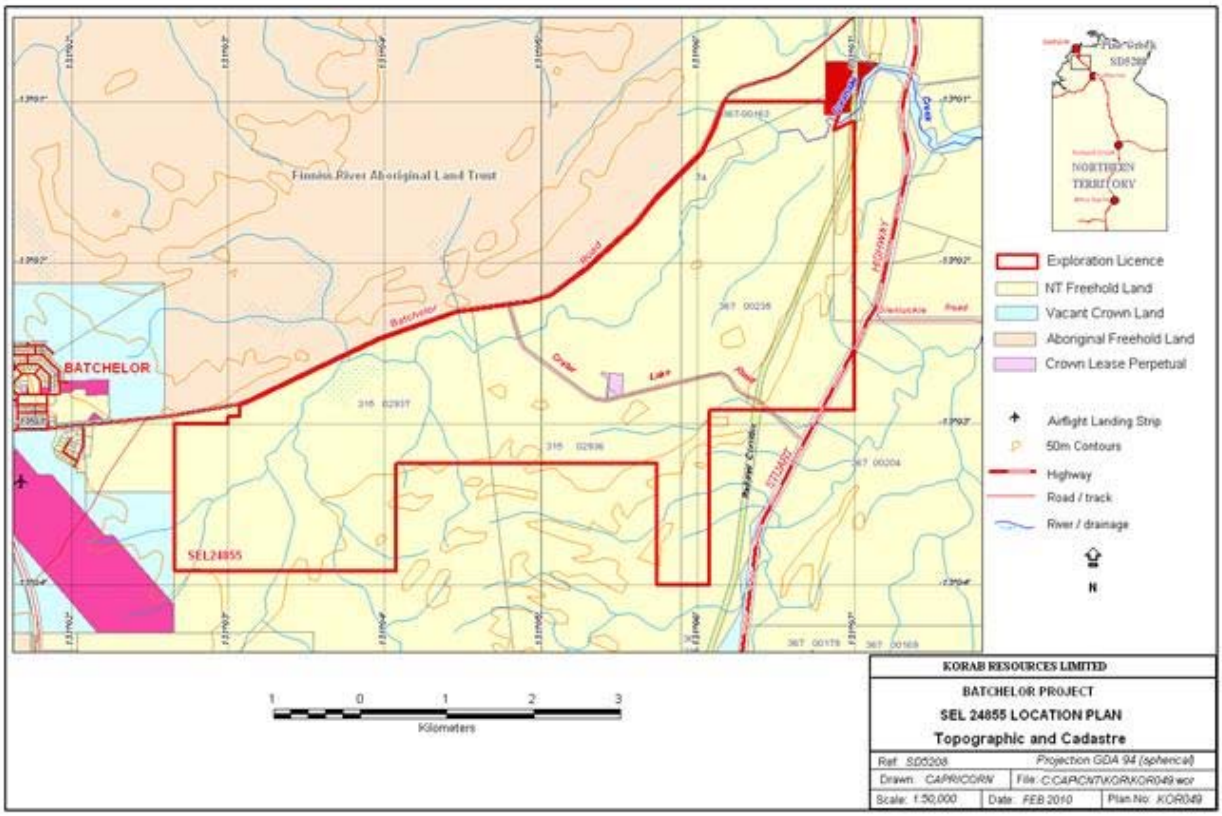

Figure 2: SEL 24855 Rock Chip Sample Locations

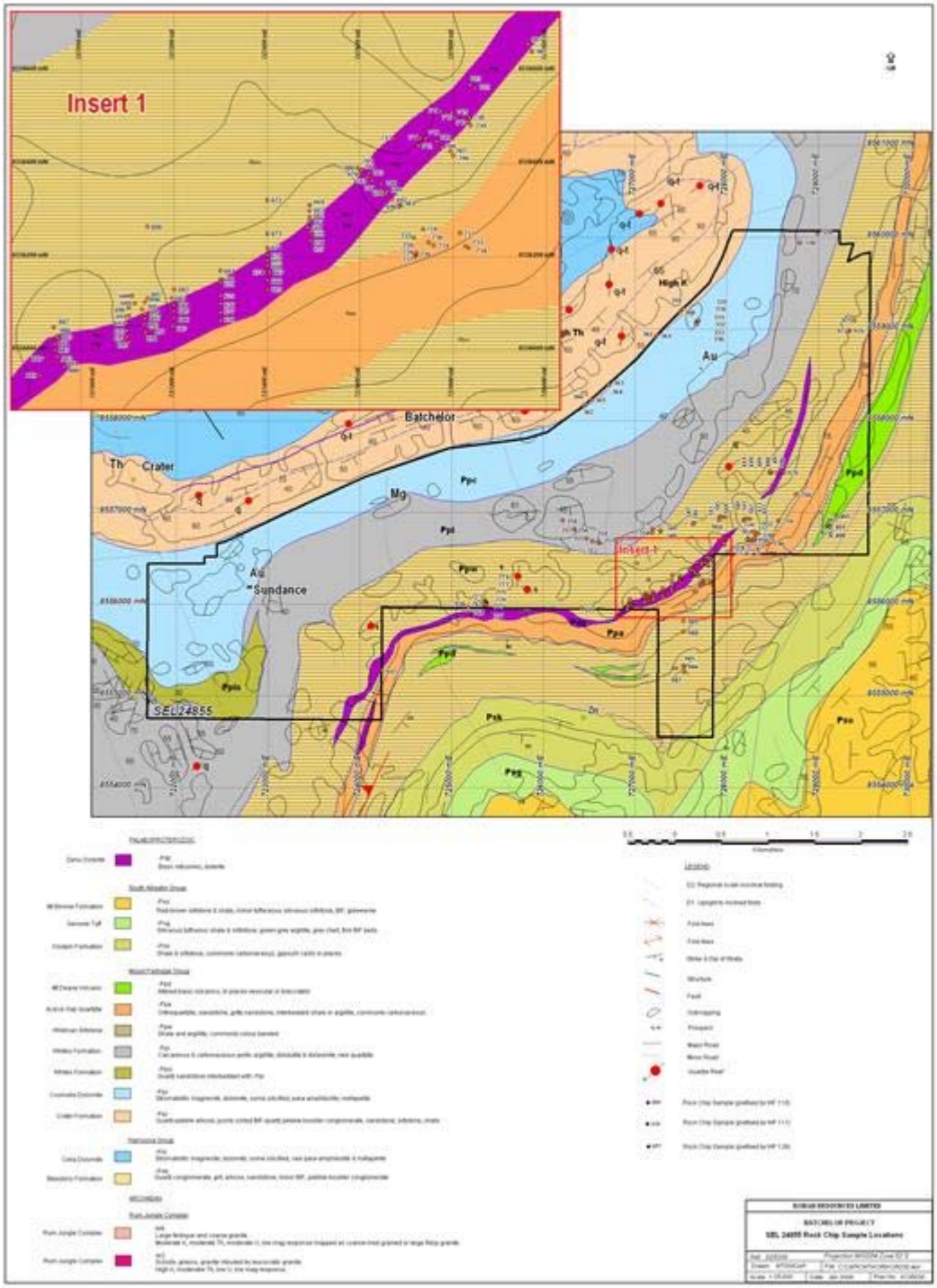

Figure 3 SEL 24855 AEM Lines Location Plan

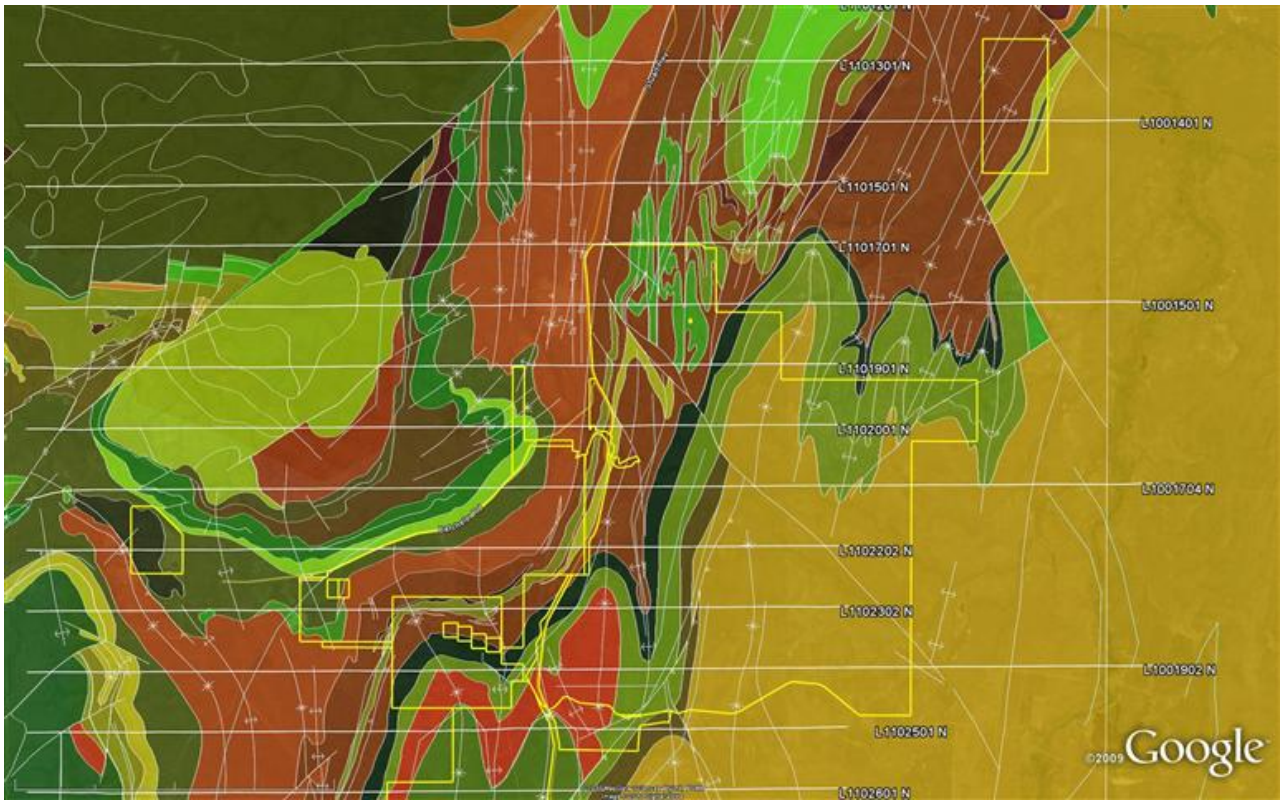

Figure 3a: SEL 24855 AEM Line 1001704N Section

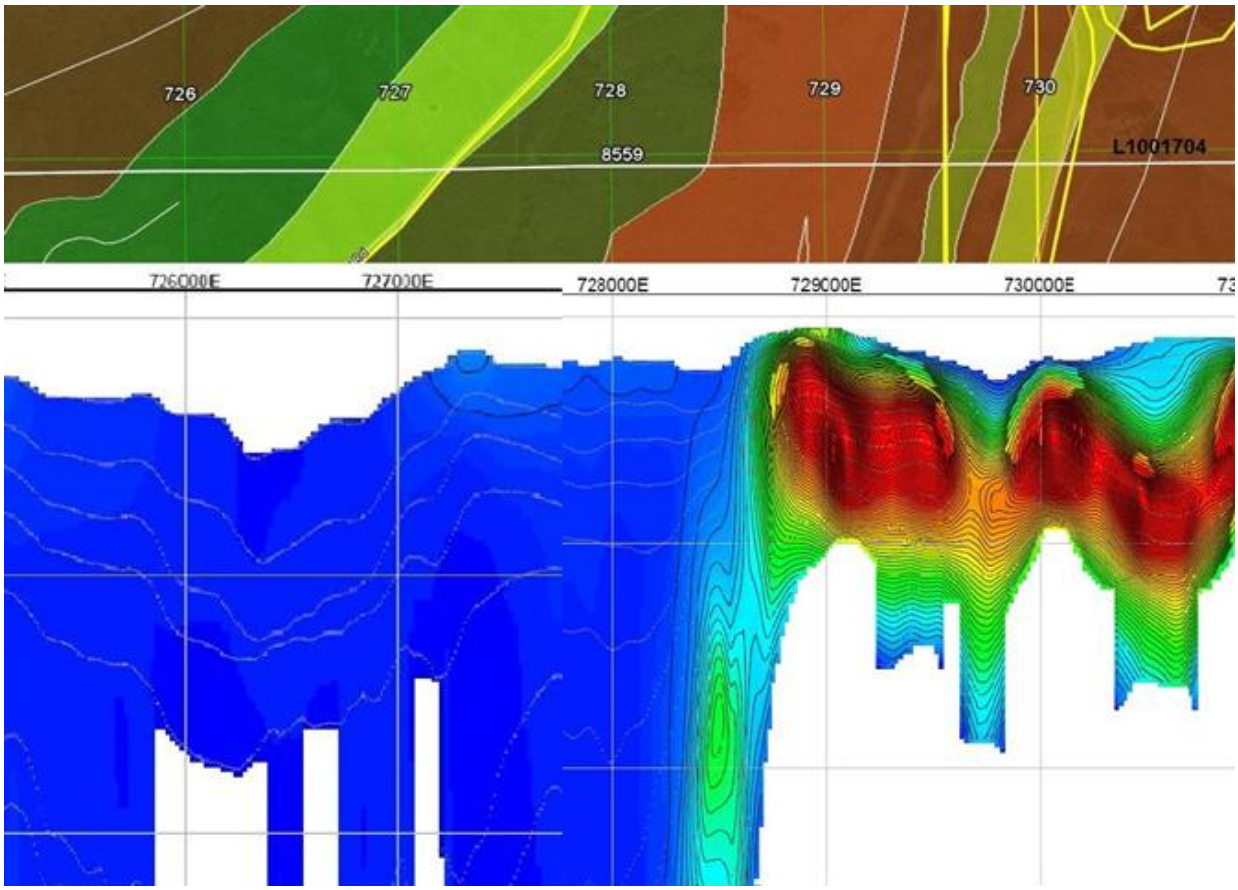

Figure 3b: SEL 24855 AEM Line 1102202N Section

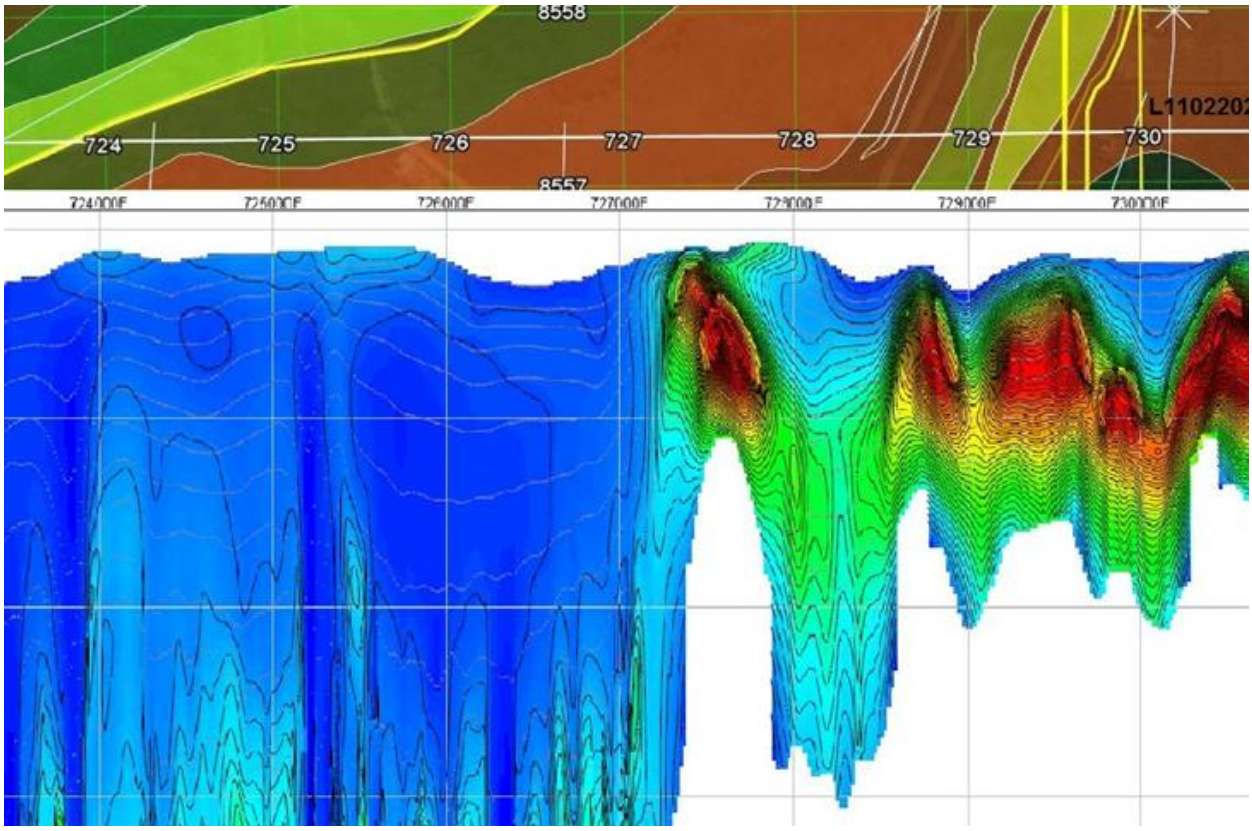

Figure 3c: SEL 24855 AEM Line 1102302N Section

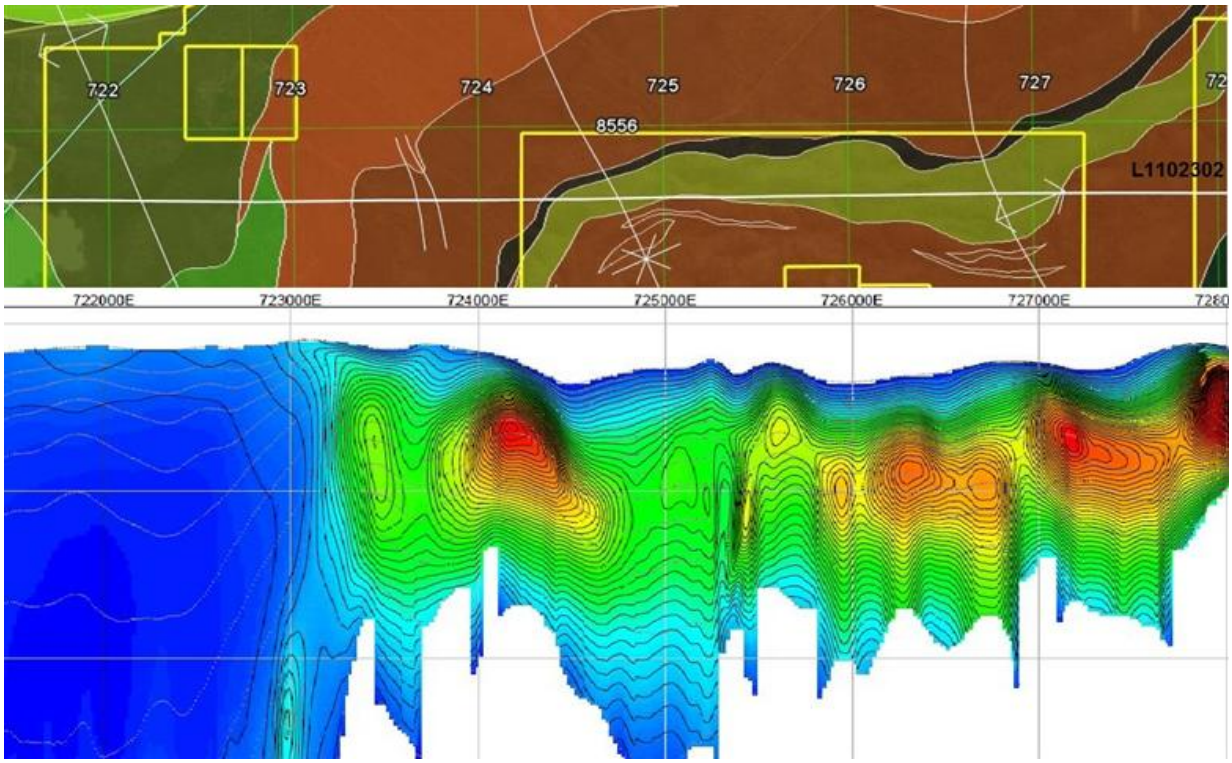

Figure 4: Siltstone Anomaly Grid: Soil Sample Location Plan

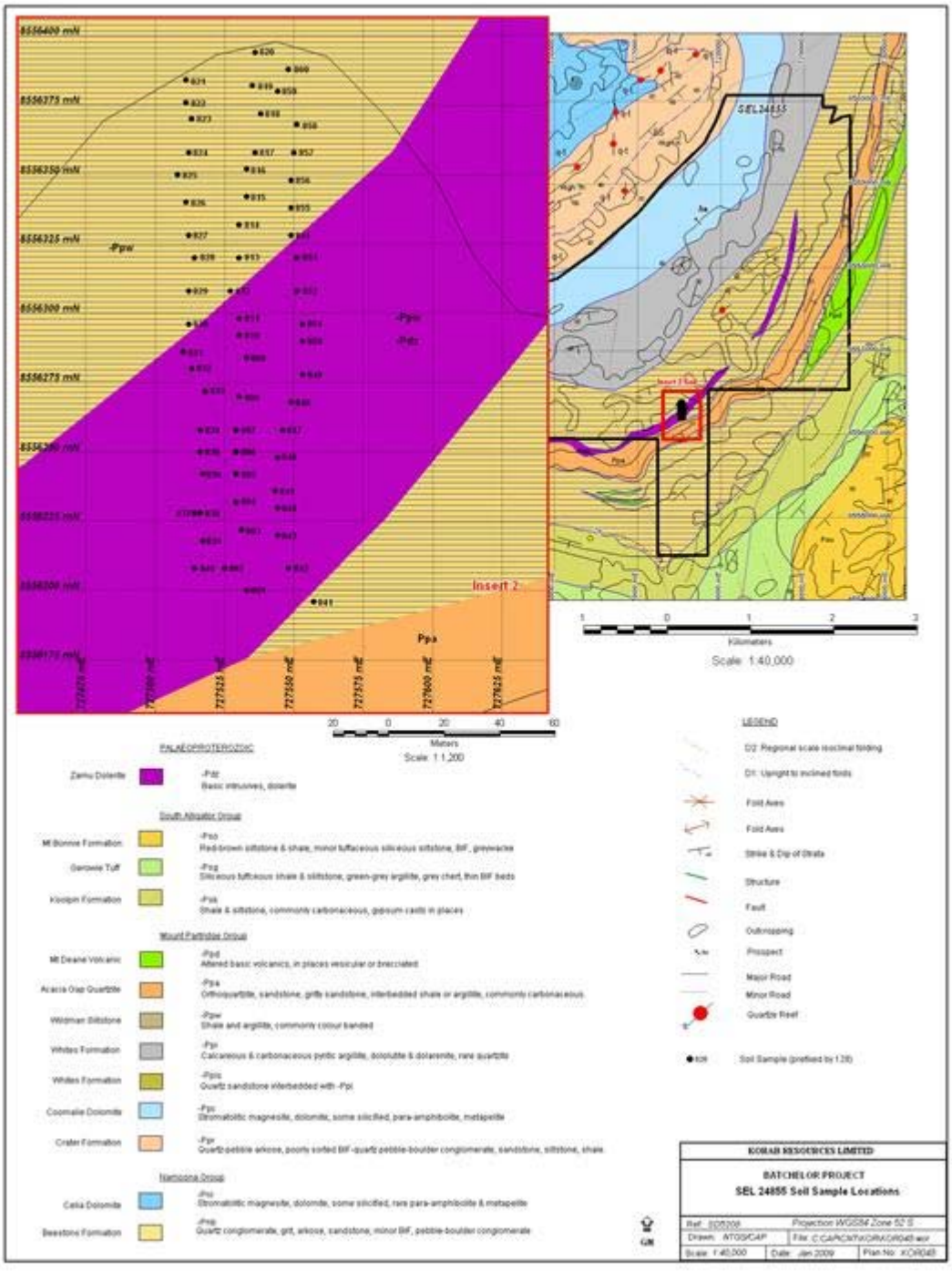

Figure 4a: Siltstone Anomaly Grid: Samples 801-820 - Co/Cu/Ni/Fe/S/Pb/Zn Results

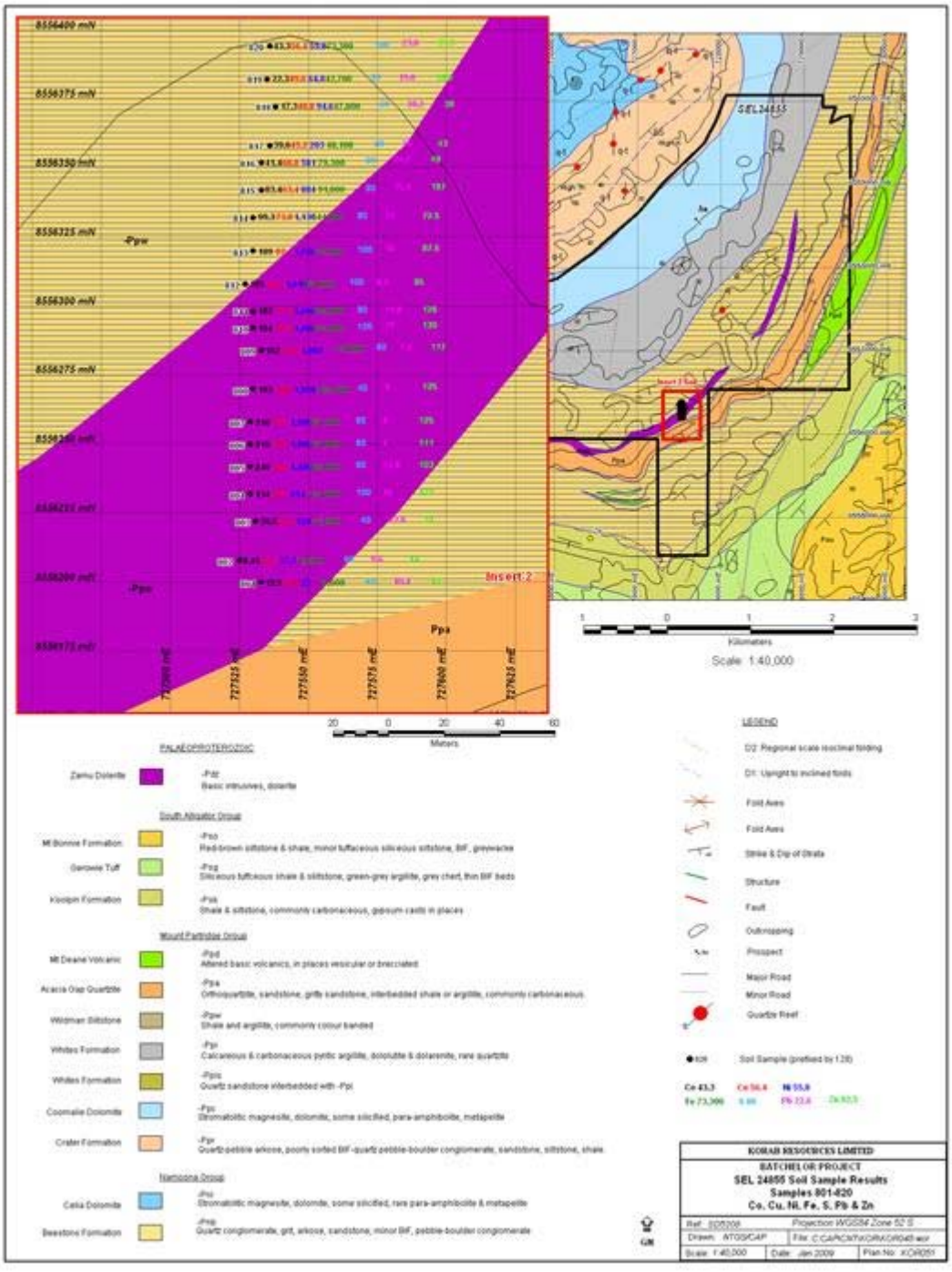

Figure 4b: Siltstone Anomaly Grid: Samples 821-84 – Co/Cu/Ni/Fe/S/Pb/Zn Results

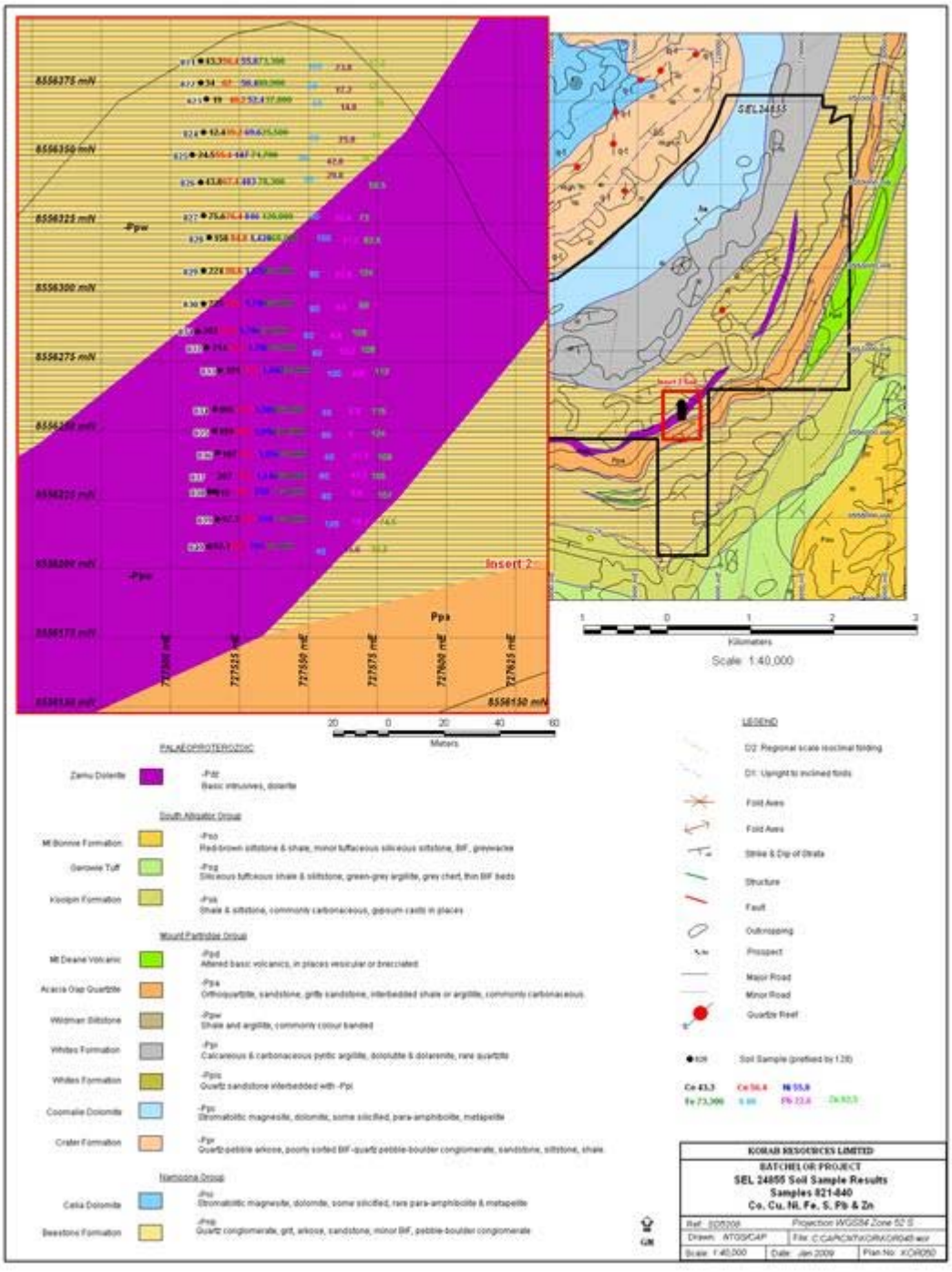

Figure 4c: Siltstone Anomaly Grid: Samples 841-860 – Co/Cu/Ni/Fe/S/Pb/Zn Results