KORAB RESOURCES LIMITED

ANNUAL REPORT

EL 24818
Batchelor, N.T.

YEAR 5
Period Ending 17 January 2011

By
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For

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SUMMARY

Field activities on Korab Resources' EL 24818 in Year 5 consisted of further detailed traversing with continued emphasis on the delineation and sampling of the Mt Deane Volcanic unit.

Two detailed soil sampling traverses were completed.

A waiver of reduction of blocks was applied for and granted.

1. INTRODUCTION

This document is the fifth annual report for EL 24818 covering the period 18 January 2010 to 17 January 2011. The tenement is part of Korab's Green Alligator project as described in earlier annual reports.

2. TENEMENT STATUS

The tenement was originally granted to Imperial Granite & Minerals Pty Ltd for a six year term on 18 January 2006. The licence was transferred to Korab Resources Limited on the 10 February 2006.

For this reporting period the EL consisted of 18 sub-blocks as shown on Fig 1. A waiver of reduction for the 9 blocks due to be dropped was applied for in December 2010 and granted on 4 February 2011.

3. LOCATION

EL 24818 is located adjacent to the Stuart Highway approximately 85 kms. south of Darwin, N.T. as shown in Fig 1. It is contiguous with the Stuart Highway on its western boundary allowing easy access eastwards via several side tracks on to freehold blocks.

The tenement is entirely comprised of small to medium sized freehold blocks which are mainly occupied and used as hobby farms as shown in Fig 1.

4. GEOLOGY

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

The local geology as shown by recent NTGS mapping (Lally 2003), shows that the tenement is underlain by folded/refolded and faulted upper Early Proterozoic stratigraphy more specifically comprising the following units: Mt Partridge Group, Wildman Siltstone (incl. Acacia Gap Tongue Qtzt and Mt Deane Volcanics), South Alligator Group, Koolpin Fm, Gerowie Tuff, Mt Bonnie Formation and the Finniss River Group, Burrell Creek Formation.

5. PREVIOUS EXPLORATION

A check at the NTGS has shown that considerable exploration has been done in the vicinity of EL 24818 in the past.

With EL 24818 being on strike with the Woodcutters Pb, Zn, Ag deposit, a considerable amount of work was done exploring for base metals. CRAE, Normandy, AMAX, Minerals Reserves Group Inc., Nicron Resources, Woodcutters Joint Venture and RioMin were the main companies involved. Several encouraging base metal prospects were found but none were developed.

During the 1970s and 1980s uranium was the main target with the following companies involved: Magnum Exploration, PanContinental, Minad, Uranerz Australia, CSR Ltd (AAR Ltd). No significant uranium mineralisation was located.

With the discovery of the Maureen gold prospect to the north the following companies carried out several programs targeting gold: Kennecott, BP Minerals, Seltrust, NT Gold Mines and Australian Gold Fields NL. Additional gold mineralisation was discovered but none developed.

Additional 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 possibly gold potential on adjoining tenements so this stratigraphic unit is targeted on EL 24818.

This year's program has concentrated mainly on further delineation of the prospective Mt Deane Volcanics.

All field work during this reporting period was undertaken by SilDol Pty. Ltd. under the direct supervision of John A. Earthrowl, Consultant geologist.

7. METHODS

As the tenement consists entirely of freehold blocks, access to much of the tenement was relatively easy due to the presence of fence lines, firebreaks and tracks to Telstra and other government facilities.

7.1 Land Owner Liaison

Korab always informs landowners/occupiers prior to any field activity on their respective property.

7.2 Field Traversing and Rock Chip Sampling

The traversing was mainly done to establish the accuracy of the NTGS mapping as shown on the 1:100,000 Rum Jungle Special Sheet. Several large, remote outcrops have been misidentified by previous geologists. Emphasis was placed on tracing and sampling the Mt Deane Volcanic unit.

App 1 (Sheet 1) lists data for all rock samples collected. Fig 2 is a plot of the location of all rock chip samples collected including those in 2010.

7.3 Soil Sampling

In 2010 two areas of EL 24818 were subjected to detailed soil sampling; named the Dam Hill Traverse and Half-House Hill Traverse. This was done using a Kanga auger with samples taken from a depth of 100cm. Samples were sieved to -2mm and 200g collected in Kraft paper bags. They are listed in App 1 (Sheet 2) and their locations are shown in Figs 3, 3a and 3b.

7.4 Assaying

All rock samples collected are processed at Northern Territory Environmental Labs (NTEL) in Darwin. Rock samples have been assayed for the following elements: Al, CaO, Co, Cu, MgO, Ni, P2O5, Pb, S, U and Zn as well as Au, PGMs and REEs and results are shown in App 2 and 4.

The oxide analyses and REEs are being done to help identify the origins of the basic volcanic host rock.

Soil samples have been assayed for the following elements: Au, As, Co, Cu, Ni, Pb, U and Zn. Results of assaying are shown in Apps. 3a, 3b and 4.

8. WORK DONE AND RESULTS

8.1 Land Owner Liaison

The land owners of property within EL 24818 continue to be supportive of Korab's exploration activities, especially Mr. Richard Luxton who follows Korab's mineral exploration activities with interest. Korab has assisted him with some auger drilling adjacent to Coomalie airstrip for attaching aircraft anchor points.

8.2 Rock Chip Sampling

Of the 10 rock chip samples collected, samples 16501 to 16506 were sourced from a hill mapped by the NTGS as Mt Deans Volcanics. As shown in App 1 these samples exhibited some classical volcanic structures. Their mineralogy is complex with much carbonate present in some of them……up to 25% total CaO+MgO in sample. Their nickel assays were in the range 445 to 605 ppm commensurate with other Mt Deane Volcanic samples. Pt values range up to 9 ppb.

The other four samples, numbered 16507 to 16510 were collected from an adjacent hill also mapped as Mt Deane Volcanics. These samples returned much lower nickel, copper and cobalt values indicating that they are not Mt Deane Volcanics.

8.3 Auger Soil Sampling

The two soil sample traverses were done around and over separate hills centred at the following coordinates:

Dam Hill Area: 8561200N / 731700E
Half House Hill: 8561400N / 730400E

The Dam Hill area was targeted as there were signs of old trenching across quartz veining within the area government mapped as Mt Deane Volcanics.

The Half House Hill area was targeted because of the outcrops of pillow lavas, carbonate rich "volcanics" and earlier samples that had returned high Ni values.

Their location is shown on Figs 3, 3a and 3b.The actual traverse in each case was determined by available access along existing tracks.

Fig 3a is a more detailed plot of the Dam Hill traverse showing samples 16570-16624. Fig 3b is a more detailed plot of the Half House traverse showing samples 16511-16569.

8.4 Assay Results

Soil sample assay results are shown in Apps 3a and 3b for the Dam Hill and Half House traverses respectively.

The 55 samples from the Dam Hill traverse, App 3a, returned anomalous Ni values (Max 1310ppm, Min 175, Average 552) indicating a Mt Deane Volcanic source for most samples. The Ni values were supported with Co (129, 26, 76) and Cu (237, 49, 123) values similar to other Mt Deane Volcanics from contiguous Korab tenements.

Gold values (9, 1, 4) and As (287, 50, 125) showed no anomalism but minor homogeneous distribution of those elements. Pb (92, 7, 30), U (17, 2, 4) and Zn (412, 73, 153) were background values.

On the other hand assays from the Half House traverse, App 3b, returned no anomalism in any elements. Au (4, 1, 2), As (20, 1, 7), Co (26, 2, 9), Cu (30, 3, 10), Ni (30, 4, 13), Pb (20, 8, 12), U (6, 2, 4) and Zn (112, 14, 39) are considered back ground.

9. CONCLUSIONS

Work by Korab on EL 24818 in Year 5 has further delineated anomalous Ni values in the targeted Mt Deane Volcanic unit by soil and rock sampling.

The Dam Hill traverse has shown that one area mapped as Mt Deane Volcanics is not that stratigraphic unit.

10. RECOMMENDATIONS

Further detailed delineation of the poorly outcropping Mt Deane Volcanics is required.

It may be possible to distinguish the high-Ni/high-Fe basic volcanics (true Mt Deane Volcanics?) from other volcanics by detailed interpretation of available airborne magnetics.

Such interpretation should be followed by further soil sampling.

Other drilling, such as RAB and RC, to test Ni anomalism may then be warranted.

11. EXPENDITURE STATEMENT

This year's covenant was $60,000. The Expenditure Statement for the year is shown as App 5.

12. PROGRAM AND BUDGET FOR YEAR 6

Work proposed for Year 6 is expected to comprise the following:

- Additional review of historic data especially airborne magnetics work done by previous explorers. This should aid in the further delineation of the Mt Deane Volcanics.
- Further soil sampling to check airborne interpretation.
- Ground magnetic surveying to further delineate the Mt Deane Volcanics.
- Continued detailed interpretation of the recently acquired *Geoscience Australia* airborne EM data with emphasis of interpretation in the vicinity of the target Mt Deane Volcanics.
- Assaying of surface and drill samples to be collected.
- Infill rock sampling.
- Further geochemistry and possibly petrology of the Mt Deane Volcanics.
- RAB or RC drilling of the Mt Deane Volcanics where Ni anomalous.

A minimum expenditure of $60,000 is anticipated.

Figure 1 Location of EL 24818 and Showing Previous reductions

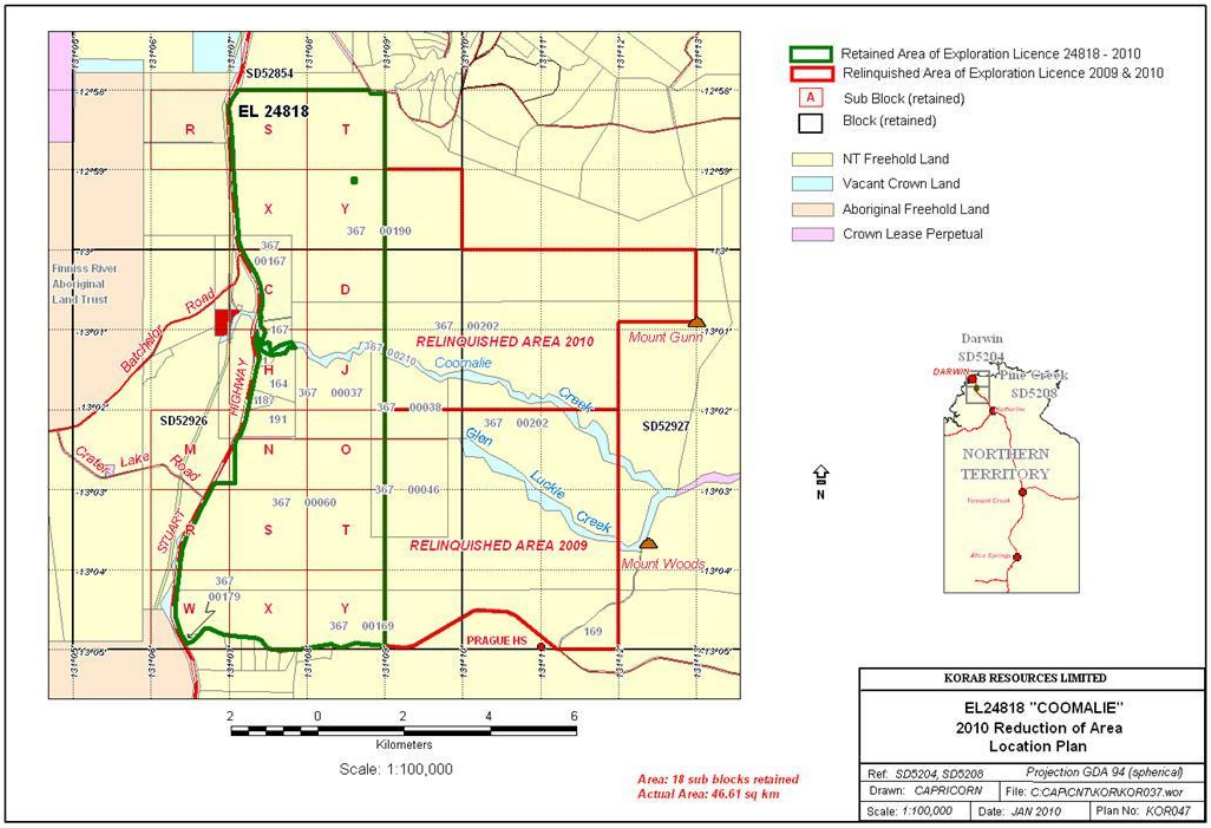

Figure 2 EL 24818: 2010 Rock Chip Sample Locations

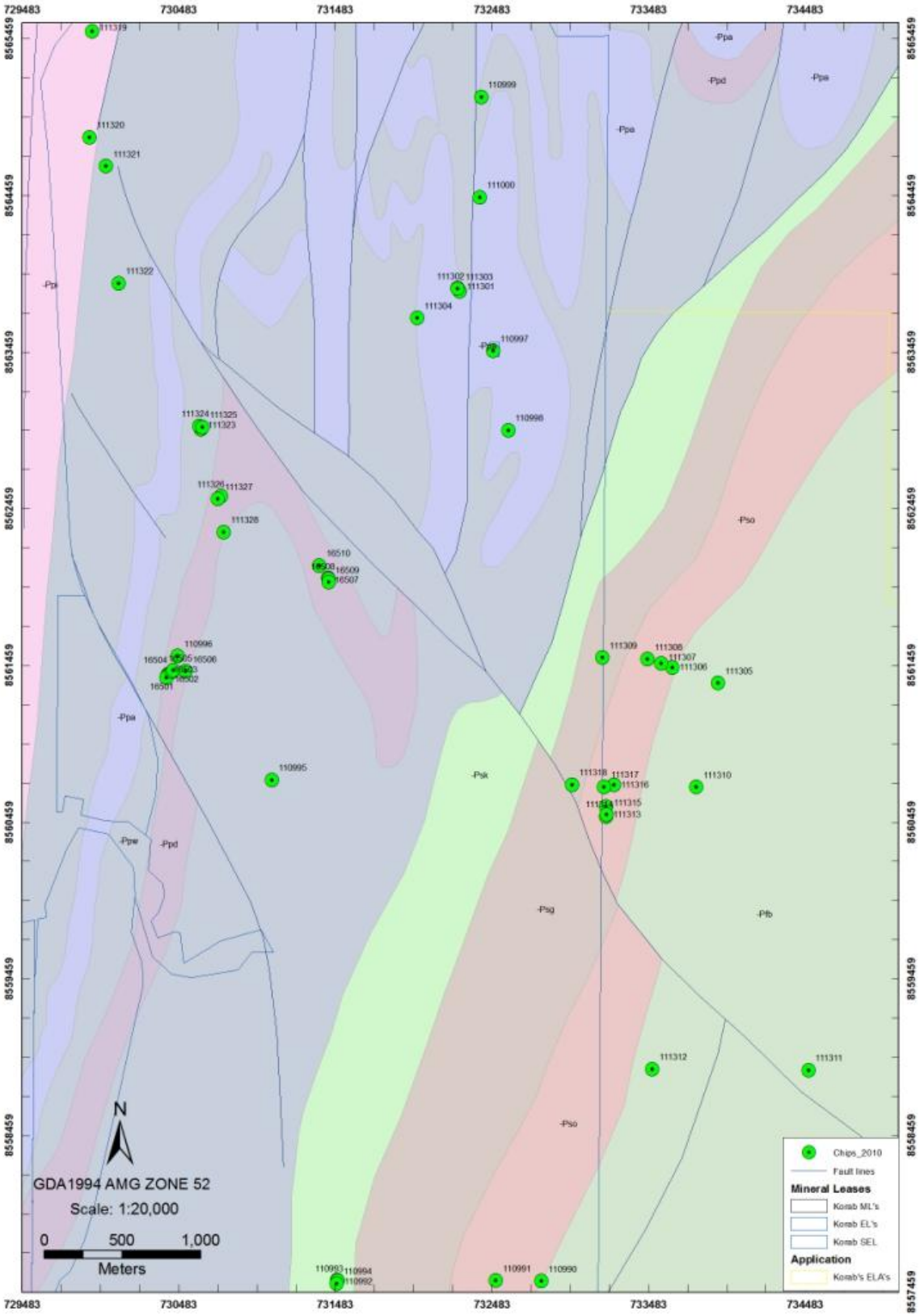

Figure 3 EL 24818: 2010 Auger Soil Sample Locations

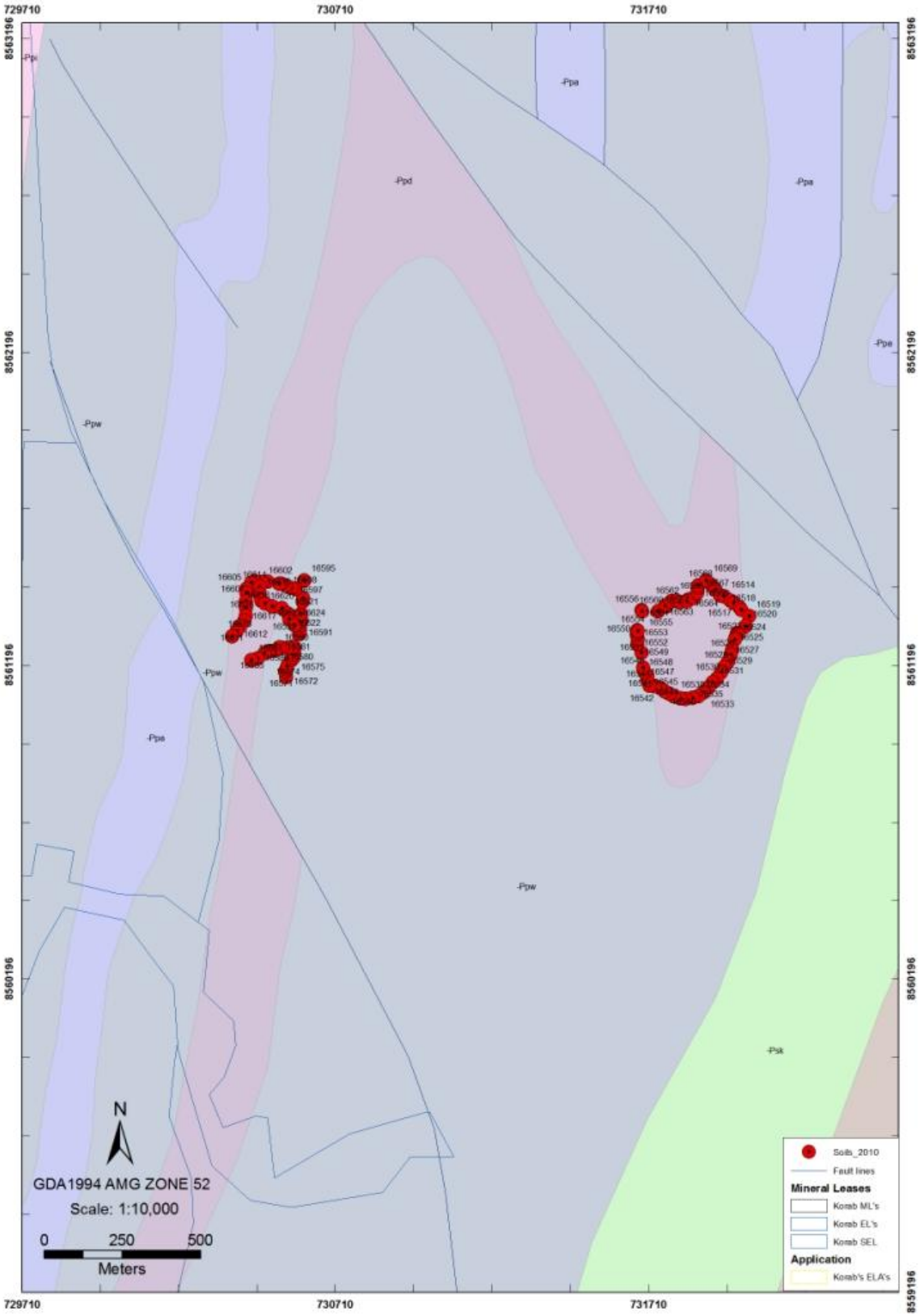

Figure 3a EL 24818: 2010 Auger Soil samples DAM HILL TRAVERSE

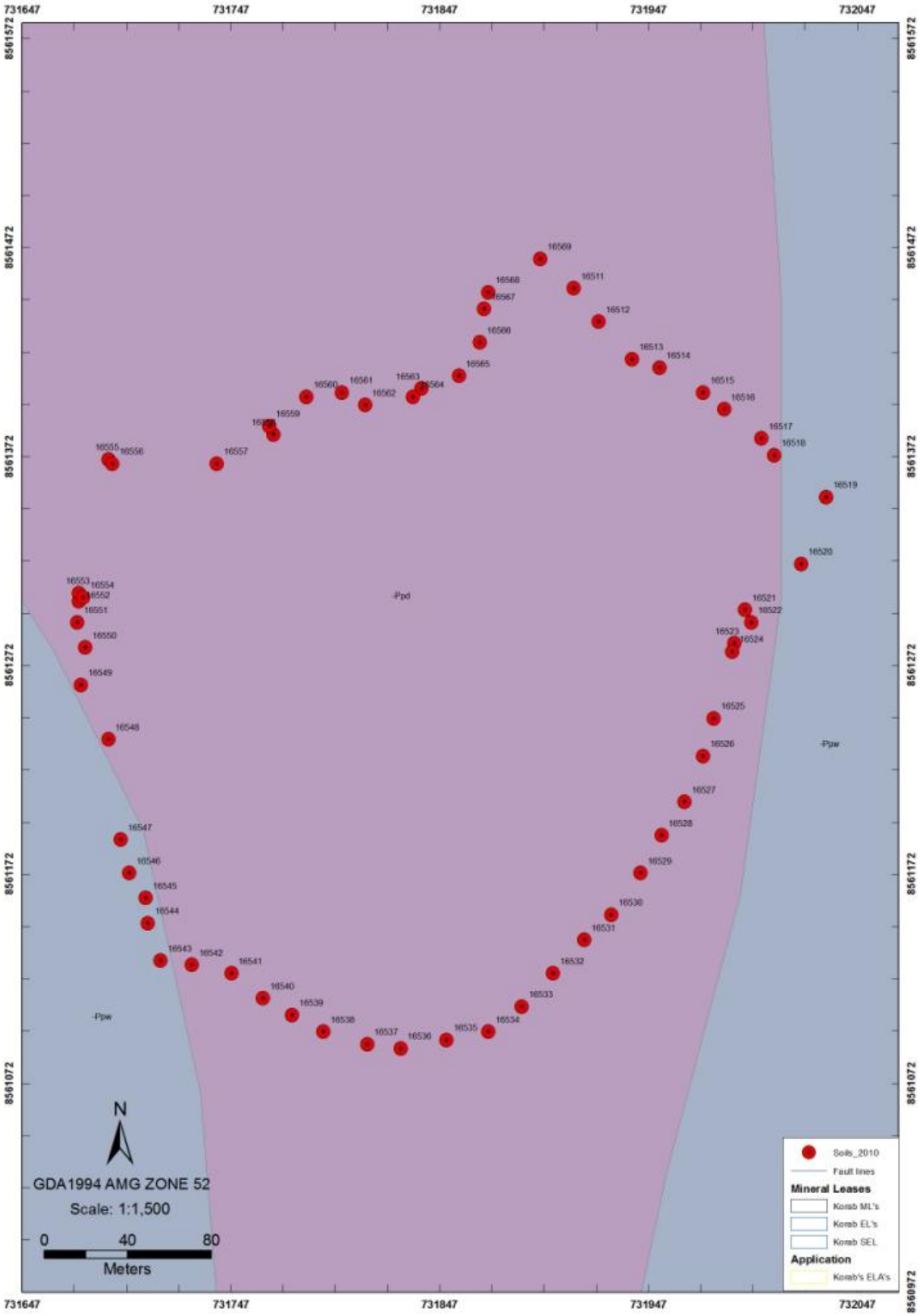

Figure 3b EL 24818: 2010 Auger Soil Samples
HALF HOUSE HILL TRAVERSE