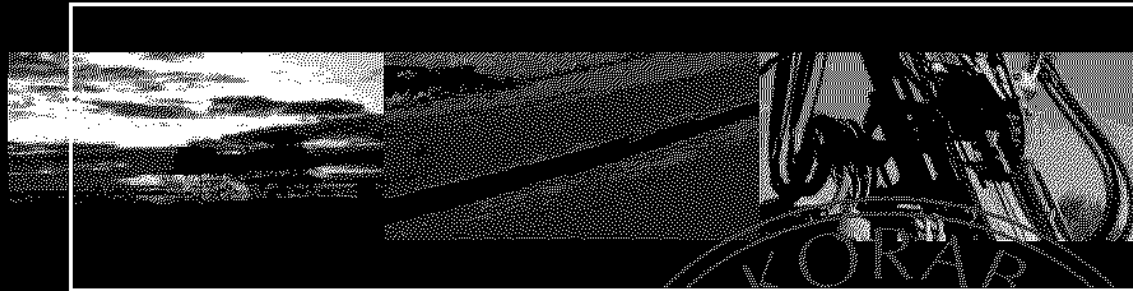




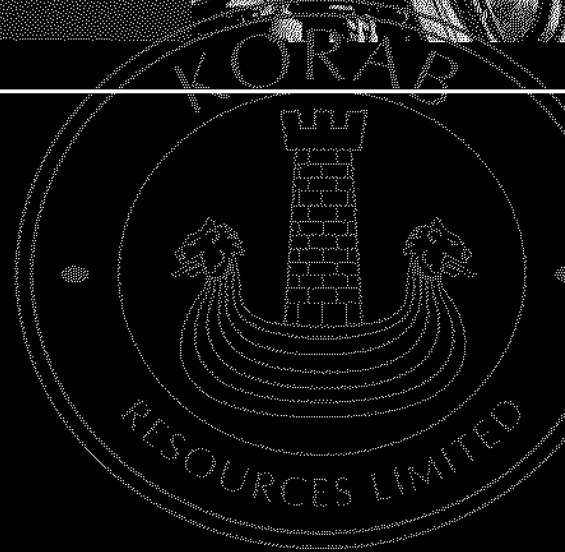
P R O S P E C T U S



For the offer of up to 15,000,000 shares at an issue price of 20 cents each to raise a total of \$3,000,000.

The minimum amount to be raised pursuant to this prospectus is \$2,200,000.

No share will be allotted or issued pursuant to the prospectus until the minimum subscription is reached.



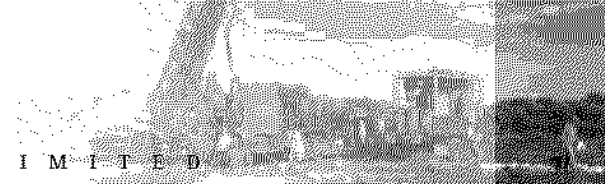
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This offer is important and requires your immediate attention.
It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow you should consult your stockbroker or professional advisor.

The shares offered by this prospectus should be considered speculative.



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INVESTMENT HIGHLIGHTS

- Portfolio of advanced exploration projects in Western Australia and the Northern Territory with potential for polymetallic mineralisation including gold, copper, uranium, zinc and magnesium.
- Ready to drill targets identified at Batchelor, Melrose and Mt. Elephant projects.
- Early development potential for Melrose gold resource with close proximity of resource to existing processing infrastructure.
- Established gold resource at Melrose - 306,000 ounce resource in Western Australia including higher grade near-surface supergene resource.
- Management experienced in sourcing, evaluation and development of resources projects.

CORPORATE DIRECTORY

DIRECTORS

Andrej K. Karpinski
Executive Chairman
Rodney H.J. Skeet
Non Executive Director
Malcolm J. McKenzie
Non Executive Director

COMPANY SECRETARY

Andrej K. Karpinski

CHIEF OPERATING OFFICER

John E. Jordan

AUSTRALIAN COMPANY NUMBER

082 140 252

REGISTERED AND PRINCIPAL OFFICE

Level 1
89 St. George's Terrace
Perth WA 6000
Telephone (08) 9322 4553
Facsimile (08) 9481 2200

POSTAL ADDRESS

PO Box Z5447
66 St George's Terrace
Perth WA 6831

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009
PO Box 1156
NEDLANDS WA 6909

SOLICITOR

Anthony W Kiernan
Solicitor
Level 14
37 St George's Terrace
PERTH WA 6000

INDEPENDENT ACCOUNTANT

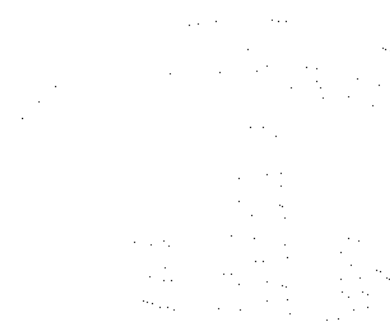
Stanton Partners Corporate Pty Ltd
Level 1, 1 Havelock Street
PERTH WA 6000

INDEPENDENT CONSULTING GEOLOGIST

Malcolm Castle
PO Box 473
SOUTH PERTH WA 6951

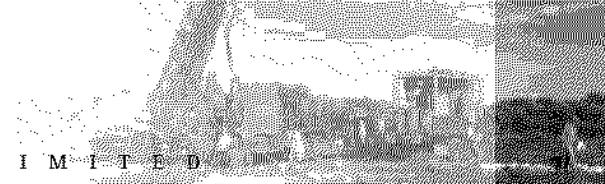
AUDITOR

Cormac Sharkey & Co
Level 1
216 Stirling Hwy
CLAREMONT WA 6010



CONTENTS PAGE

Investment Highlights	1
Corporate Directory	1
Important Notes and Statements	3
Chairman's Letter	4
Section 1: Investment Summary	5
Section 2: Details of the Offer	11
Section 3: Board and Management	15
Section 4: Independent Geologist's Report	17
Section 5: Independent Accountant's Report	59
Section 6: Solicitor's Report on Tenements and Material Contracts	67
Section 7: Risk Factors	81
Section 8: Additional Information	85
Section 9: Director's Authorisation and Consent	89
Section 10: Glossary of Words and Terms	91
Application Form	93



IMPORTANT NOTES AND STATEMENTS

This Prospectus has been issued by Korab Resources Limited.

This Prospectus is dated 26 May 2005 and was lodged with the ASIC on that date. Neither the ASIC nor ASX take responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of this Prospectus is 13 months after the date the same was lodged with the ASIC (Expiry Date). No Shares will be issued on the basis of this Prospectus after the Expiry Date. Shares allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out herein.

Before deciding to invest in the Company, potential investors should read the entire Prospectus, including the Independent Geologist's Report (Section 4) and the Independent Accountant's Report (Section 5). In considering the prospects for the Company, investors should consider the risk factors that could affect the financial performance of the Company. The Company is in the early stages of its development and therefore there are risks. Potential investors should refer to Section 7 of this Prospectus for a summary of information relating to risk factors.

The Shares offered by this Prospectus should be considered speculative and therefore investors should carefully consider any investment in light of personal circumstances (including financial or taxation issues) and seek professional advice from an accountant, stockbroker, lawyer, or other professional adviser before deciding whether to invest.

ELECTRONIC PROSPECTUS

This Prospectus will be available in paper as well as in electronic form. The electronic Prospectus can be downloaded from the website of the Company at www.korabresources.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing on to another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. During the Offer period any person may obtain a hard copy of this Prospectus by contacting the Company by e-mail at prospectus@korabresources.com.au or downloading the Prospectus in PDF file format from www.korabresources.com.au/prospectus

OVERSEAS INVESTORS

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act and the ASIC policy this Prospectus is subject to an Exposure Period of 7 days from the date of lodgement with the ASIC. This Exposure Period may be extended by the ASIC for a further period of up to 7 days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with Section 724 of the Corporation Act.

Applications received prior to the expiration of the Exposure Period will not be accepted by the Company until after the expiration of the Exposure Period. No preference will be conferred on Applications received prior to the expiry of the Exposure Period.

No persons are authorised to give any information or to make any representations in connection with the issue of the Shares described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Directors in connection with the Offer. Shares offered by this Prospectus should be considered to be of a speculative nature.

Investors should refer to Section 10 of this Prospectus "Glossary" for the meanings of certain words and terms used in this Prospectus.



CHAIRMAN'S LETTER

Dear Investor

Thank you for considering an investment in Korab Resources Limited.

Korab Resources Limited was established in March 1998 to explore projects within Western Australia and to seek advanced exploration and resource development opportunities within Australia and overseas. Primary focus of the Company at that time was the Darlot East prospect which is located in close proximity to the currently operating Darlot Centenary mine near Leinster in Western Australia. Since then, Korab has expanded its portfolio of projects to include the Melrose, Throssell and Mt. Elephant projects in Western Australia and the Batchelor project in the Northern Territory.

The interests of the Company in the Throssell, Mt Elephant and Batchelor projects are pursuant to joint ventures (see the Summary of Material Contracts in the Solicitor's Report in Section 6).

The Company brings together a Board and management team with experience in sourcing, evaluation, exploration and development of resource projects.

To maximise the benefits of this experience and in recognition of the risk and speculative nature of the junior resource sector, Korab will limit its exploration and acquisition to those projects which in the opinion of the Directors have the potential to return significant rewards to the Company and its shareholders.

The Melrose project for example has a resource of 306,000 ounces of gold and the focus of our early effort will be to evaluate the most economic development option for the whole or part of this resource. At the same time the Directors consider the project has additional exploration merit and a number of advanced gold targets, including areas contained within the existing resource, have been identified for drill testing. The resource of 306,000 ounces of gold for example is open at depth and warrants exploration for depth extensions. The Resource Statement is set out in the Independent Geologist's Report at Section 4.

At Batchelor we have secured through a joint venture (Korab earning 60%) a tenement position that covers the same stratigraphic horizon that hosts a number of nearby uranium, polymetallic and gold mines and resources of other entities. These include the Woodcutters and Rum Jungle mines. Previous exploration within the Batchelor tenements has not adequately explored this horizon, hindered in part by alluvial cover and a recent focus on magnesium as an exploration target. We have already developed a number of advanced uranium and gold targets that we expect to drill test in the near term.

The Throssell project is a conceptual gold and polymetallic play. Covering an area of anomalous magnetics and gravity adjacent to the interpreted northeast limit of the Yilgarn Craton, this project offers the high risk /high reward potential for the discovery of buried greenstone belts in an under-explored locality.

At the Darlot East project our consultants have identified exploration targets for structurally controlled deposits that formed synchronously with the Darlot deposit. Aeromagnetic surveys and geochemical sampling have produced several targets for drilling.

The Mt Elephant project contains several volcanogenic base metal and gold targets and by modern standards is under explored. The main gossan horizon for example has only been drilled in the main area of outcrop with a best result of 3 metres @ 1.32% Cu from 105 metres. At the same time a number of sub cropping gossan zones have been identified up dip from this horizon and will form early targets for further testing.

Korab's portfolio of projects will allow it to undertake exploration of advanced drill targets whilst developing longer term exploration programs. In addition, the existing resources at Melrose project provide Korab with the potential to become a gold producer in the medium term.

These projects whilst having significant merit in their own right also provide Korab with the strong exposure to the exploration sector thereby potentially assisting the Company in securing other advanced projects, both within Australia and overseas.

In summary, Korab will undertake an active exploration program on its current projects and will continue to seek new projects having the potential to significantly increase shareholders' wealth.

Investors should pay particular regard to the Independent Geologist's Report (Section 4) for a detailed geological assessment of all of the projects.

Before you make your investment decision please carefully read this Prospectus and where necessary consult your financial advisor.

On behalf of the Board of Korab Resources Limited, I commend this offer to you and invite your joint participation in this Company's future.

Yours faithfully



Andrej K. Karpinski
Chairman

1. INVESTMENT SUMMARY



1. INVESTMENT SUMMARY

This Section of the Prospectus represents an overview of the Company including information as to its projects, appropriate budgets and capital structure. The information in this Section includes in a summary form certain information contained elsewhere in this Prospectus.

Potential Investors should read this Prospectus in its entirety before making any investment decision in relation to Korab.

1.1 THE COMPANY

Korab Resources Limited is a junior exploration company with a range of exploration projects within Western Australia and the Northern Territory. The primary focus of these projects is gold, copper, zinc and uranium although Korab's exploration and acquisition activities are not limited to these commodities.

The projects comprise mining tenements held by the Company in its own right and others in which the Company is earning an interest pursuant to joint venture agreements. For a summary of these joint venture agreements, Investors should refer to the Summary of Material Contracts in the Solicitor's Report in Section 6.

Korab's mission is to create wealth for its shareholders through the exploration of projects that have the potential to significantly increase the Company's share price, should a discovery be made.

Korab will seek to further expand its portfolio of assets through the acquisition of advanced projects with high exploration or mine development potential although as at the date of this Prospectus the exploration activities of the Company are confined to the exploration projects covered herein.

The Company considers that its current range of projects have significant discovery potential. In addition, it is considered that the Melrose project, which has a measured, indicated and inferred gold resource of 306,000 ounces, has the potential to elevate the Company to that of producer status within the medium term.

A comprehensive review of projects is contained in the Independent Geologist's Report (Section 4).

Korab plans to actively explore its existing projects and where considered appropriate by the Directors review and source new opportunities. Should the existing projects be downgraded through exploration they will be sold, joint ventured or relinquished to maintain focus on our objectives.

The Company plans initially to focus on Australia however when considered appropriate by the Directors, it will consider offshore opportunities, specifically for gold, uranium, nickel and copper. The Directors and Management have experience in project acquisition and resources financing and the Company plans to leverage this expertise as much as possible.

Korab is mindful of the need to manage exploration funds carefully. Through the in house expertise of our Chief Operating Officer, Mr John Jordan we have a capable senior Geologist who will provide a high level of technical expertise, together with geological and technical consultants as and when required.

The coming 12 months has the promise of being an exciting time for shareholders.

The Melrose Project for example will be evaluated to determine the best strategies for the development of the existing gold resources. At the same time, a number of higher-grade gold drill intercepts within these existing resources will be drill tested to evaluate the optimum economic development options for the high-grade supergene near surface mineralisation and to determine the potential for deeper, high-grade ore zones.

Within the greater Melrose project area a number of attractive structural and geochemical anomalies have already been delineated and it is planned to drill test these as well, over the coming year.

The Batchelor project has a number of advanced gold and uranium targets that are ready for drill-testing. These include the Telegraph prospect where previous drilling intersected 10 metres grading at 0.69% zinc from shallow depths.

The Batchelor tenements also host some 8 kilometres of under-explored contact zone that is a preferred host for mineralisation in the area. A review of the geological and drilling data available over this zone for base metals and gold mineralisation will be carried out as soon as practical and it is expected that this will generate further exploration targets.

Remote sensing studies of the Throssell project will continue, pending grant of those tenements. These studies will focus on the areas of coincident magnetic and gravity anomalies in order to delineate drill targets for concealed Archaean greenstone belts or Proterozoic lithologies that could host mineralisation. The targets at Throssell are conceptual, but are exciting from the Korab's perspective as they are contained within an area which is virtually unexplored and located in an environment of great structural complexity within the Yilgarn Craton.

Darlot East project is located at the southern end of the NNW-striking Yandal Greenstone Belt some 4km from the open cut Darlot mine. The regional lithologies comprise dolerites and basalts intercalated with felsic volcano-sedimentary units and intruded by large granite plutons to the east and west and by cross-cutting ultramafic and mafic bodies.

The lithologies are strongly folded along a NNW axis, with parallel faulting. The Korab tenements are located on the eastern limb of a NNW-striking syncline; the same syncline that hosts the Darlot and Centenary deposits (4 Million ounces of gold) in its western limb. The favourable geological comparisons with Darlot provide an excellent target for exploration.

Geochemical sampling has produced several targets for drilling with encouraging results of up to 18g/t gold in rock chip and up to 1.2g/t gold in lag samples. Previous preliminary shallow drilling of one of the targets provided inconclusive results.

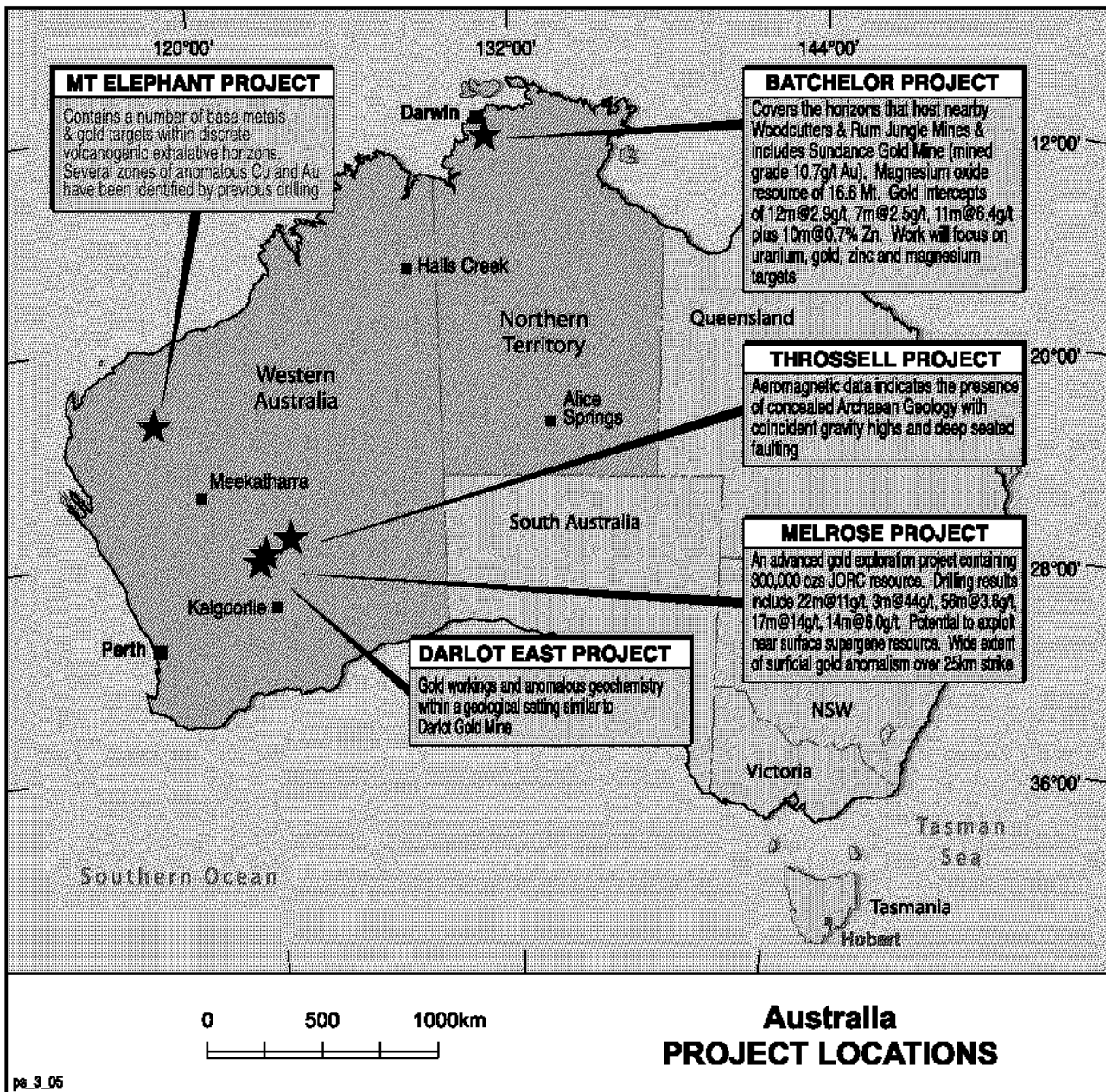


Figure 1

The Mt. Elephant project contains a number of volcanogenic exhalative horizons that outcrop and subcrop throughout the lease area. The area has been explored by a number of companies, including Western Mining, Pancontinental and Nugold Hill. The main gossan has been reverse circulation and diamond drilled with the best result of 3 metres @ 1.32% Cu from 105 metres.

By having projects such as Melrose, Darlot East, Batchelor and Mt. Elephant with advanced targets ready for drill testing, Korab is well positioned to enhance shareholder wealth in the short to medium term through an active exploration programme.

1.2 THE PROJECTS

The Melrose and Throssell projects are located in the northeast Yilgarn region of Western Australia. The Batchelor project is located in the Northern Territory, some 70 kilometres south southeast of Darwin. The Mt Elephant project is located in the Ashburton Mineral Field, approximately 40 kilometres south of Paraburdoo.

The total area covered by these projects is around 1044 square kilometres

Korab has an option to purchase the Melrose project from Discovery Capital Ltd. The cost of the option was \$5,000 which has been paid. The purchase cost is \$50,000 in cash and the issue to Discovery Capital Ltd of 5,000,000 Shares.

Notwithstanding any escrow arrangements which may be imposed by ASX, Discovery Capital Limited has agreed to enter into a voluntary escrow agreement for the Shares to be issued under the purchase agreement. These escrow provisions are summarised in Section 2.12 of this Prospectus.

The Batchelor project is a joint venture with New World Alloys Limited. For the expenditure of \$600,000 over 4 years Korab can earn a 60% interest in the project area. To date, approximately \$100,000 has been expended under the joint venture conditions. At the same time the joint venture agreement allows for the progressive dilution of New World Alloys' interest, should that Company choose not to contribute once Korab has earned its initial equity.

The Throssell project comprises applications for 4 full-size exploration licences. Korab can, subject to the grant of these applications, earn a 70% interest in the project area with expenditure of \$500,000 over 3 years.

Korab owns the Darlot East project which comprises 2 prospecting licenses covering an area of approximately 4 square kilometres.

The Mt. Elephant project has been joint ventured from Renaissance Corporation Pty Ltd. Korab can earn 70% interest in the project area for the expenditure of \$500,000 over 3 years.

Investors should refer to a summary of the relevant information regarding Joint Ventures, ownership details and applications in relation to the various projects which is contained in the Solicitor's Report (Section 6).

1.2.1 Melrose

Melrose can be described as an advanced gold exploration play with the added potential of near term production. The project has an established gold resource base of 306,000 ounces and Korab will undertake further work, including metallurgical and additional drill testing, to determine the most appropriate development option for the whole or part of the resource. Investors should refer to the Resource Statement in the Independent Geologist's Report in Section 4.

Another feature of Melrose is the wide extent of surficial gold anomalism. Anomalous gold is common throughout the 25km of strike within the project area, and previous exploration has already identified a number of targets that are sufficiently advanced to warrant drill testing. A technical review of the Melrose project, including determining the role of structure on mineralisation within the area, will prioritise these targets and highlight further areas for follow-up.

In addition, the existing gold resources, in particular Boundary, appear to have further ore potential at depth.

Previous composite drill intersections that include 56 metres at 3.6 g/t from 49 metres, 22 metres at 11.6 g/t from 90 metres, 14 metres at 6.3g/t from 77 metres, 17 metres at 14.2g/t from 153 metres and 5 metres at 11.0g/t from 120 metres, justify further examination. The testing of these deeper targets will be an early priority of Korab's exploration program.

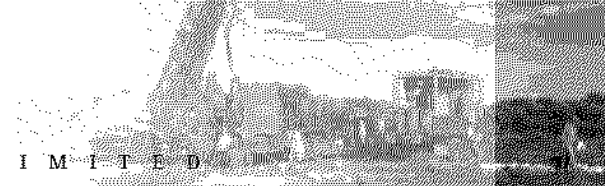
Within the Melrose area there are large areas of geology obscured by both eluvial and alluvial cover. Our analysis of previous exploration results suggests that some areas obscured by alluvium may not have been adequately tested and are likely to warrant a re-visit. This could lead to additional targets being generated.

1.2.2 Batchelor

The Batchelor project covers the same stratigraphic horizons that hosted the nearby Woodcutters and Rum Jungle mines as well as the undeveloped Browns polymetallic resource. The Rum Jungle mine which operated from 1954 to 1971 produced 3,530 tonnes of uranium oxide from 863,000 tonnes of ore grading between 0.27% and 0.43% uranium oxide. The Batchelor project area also covers the Sundance Gold Mine which was a relatively recent small but relatively high grade (mined grade of 10.7 g/t) open-cut operation.

Korab has the right to earn a 60% interest in the tenements in this project by sole funding the first \$600,000 of exploration costs within 4 years of the commencement of the relevant Joint Venture (refer to the Solicitor's Report and Summary of Material Contracts in Section 6).

The existing tenement holder, New World Alloys Ltd focused on the magnesite potential of the Batchelor area. Their efforts did not go unrewarded as they discovered the Winchester magnesite deposit and outlined an indicated and inferred resource of 16.6 million tonnes of magnesium oxide. As part of their exploration program for magnesium, New World submitted a limited number of drill samples for base metal and gold analysis. This sampling discovered



a number of anomalous zones, including gold intercepts of 12 metres at 2.98 g/t, 7 metres at 2.56 g/t and 11 metres at 6.4 g/t. It is considered that these areas warrant follow up exploration.

In addition previous explorers delineated a number of prospects anomalous for base metals, predominantly zinc, within the project area, many of which have strong exploration merit.

Central to Korab's focus within the Batchelor area however is the geological horizon adjacent to, and along the contact zone between the Whites Formation and the Coomalie Dolomite. This horizon, which is the preferred host for much of the mineralisation in the greater Batchelor region, is considered to have the best potential to host significant uranium, based metals, magnesium and gold resources.

In the eastern half of the project area much of this horizon lies under cover and it appears that it has been largely ignored or only cursorily explored by previous parties.

1.2.3 Throssell

Throssell is a conceptual exploration play in which Korab, subject to the grant of the relevant tenements, has the right to earn a 70% interest by sole funding the first \$500,000 of exploration costs within 3 years from the grant. The exploration licences have been applied for by Korab's joint venture partner, Discovery Capital Limited, to cover a possible dislocation of the Yilgarn Craton in the vicinity of its interpreted northeast limit. Within the Throssell project area the aeromagnetic data indicates that Archaean geology may cross cut the dominant northerly trend of rock units seen elsewhere within the area.

Co-incident with this change in trend are several gravity highs as well as indications from the aeromagnetic data of a number of strike-slip and cross-cutting faults.

The Throssell project area is covered with both Recent sediments and sediments of the Permian Paterson Formation so little is known of the underlying Archaean geology. The limited drilling that has been completed in the area does however suggest that the Recent and Permian cover thins to the west so we anticipate that targets within the project area can be tested with drilling of less than 120m in depth.

The cause for the anomalous magnetics and gravity is totally speculative. It may be the result of buried greenstone lithologies in which case the potential for mineralisation becomes apparent. Alternately it may represent remnant Proterozoic lithologies that again, because of the anomalous magnetics and gravity, may contain lithologies that are known to host mineralisation nearby.

It is anticipated that the first stage of exploration of the Throssell project will comprise field reconnaissance in conjunction with remote sensing such as magnetics and radiometrics to define drilling locations.

1.2.4 Darlot East

The Darlot East project is located at the southern end of the NNW-striking Yandal Greenstone Belt some 4km from the open cut Darlot mine. The main lithologies in this region comprise a series of dolerites and basalts intercalated with felsic volcano-sedimentary units and intruded by large granite plutons to the east and west and by cross-cutting ultramafic and mafic bodies.

The region is characterised by a series of NNW-striking anticlinal/synclinal folds and NNW-striking faults. The tenements are located on the eastern limb of a NNW-striking syncline; the same syncline that hosts the Darlot mine and Centenary deposit (4 Million ounces of gold) in its western limb. The location of the project in the same stratigraphic and structural position (on the opposite fold limb) as the Darlot mine provides an excellent target for exploration for structurally controlled deposits that formed synchronously with the Darlot deposit. The Darlot deposit is hosted by mafic and felsic volcanics - these units occur in the western part of the tenement, the contacts of which have been re-interpreted using magnetic data and indicate the location of prospective areas within the tenement area.

Geochemical sampling has produced several targets for drilling with encouraging results of up to 18g/t in rock chip and up to 1.2 g/t in lag samples. Previous preliminary shallow drilling of one of the targets provided inconclusive results and this target will be reviewed for possible further testing within the short term.

1.2.5 Mt Elephant

The Mt Elephant project comprises 2 granted exploration licences of some 72 square kilometres and is located in the Ashburton Mineral Field, lying approximately 40 kilometres south of Paraburdoo. The project targets volcanogenic base metal and gold mineralisation within a number of discrete exhalative horizons that outcrop and sub-outcrop throughout the licence area.

Korab has the right to earn a 70% interest in the Mt Elephant tenements by sole funding the first \$500,000 of exploration costs within 3 years from the Commencement Date of the relevant Joint Venture and in this regard investors are referred to Section 6 containing the Solicitor's Report on Material Contracts.

The area has been explored by a number of companies, including Western Mining, Pancontinental and Nugold Hill. The main gossan has been previously tested with RC and diamond drilling, with the best result of 3 metres @ 1.32% Cu from 105 metres.

Recent work has indicated that the main gossan may dip away from the previous drilling, in which case additional drilling is warranted. In addition there are a number of discrete gossanous horizons located throughout the tenements which have not been drill tested and the thin alluvial cover present within parts of the gossanous trend could be obscuring further targets.

Exploration by previous tenement holders has located a number of copper and gold anomalies and it is the broad potential of these zones, rather than specific follow-up of the known outcropping zones, which appears to provide the greatest exploration potential.

1.3 INDICATIVE EXPLORATION, DEVELOPMENT, AND CORPORATE BUDGET

The exploration and development budget for the Company's projects for the next two years totals \$2,000,000 and is based on the assumption that the issue is fully subscribed and \$3,000,000 before costs is raised.

The budget, on that basis is as follows:

Projects	Year 1 (\$)	Year 2 (\$)	Total \$
Meirose	345,000	405,000	750,000
Batchelor	220,000	275,000	495,000
Throssell	150,000	185,000	335,000
Darlot East	20,000	40,000	60,000
Mt Elephant	150,000	210,000	360,000
Exploration and Development Total	885,000	1,115,000	2,000,000
Administration and Corporate	250,000	250,000	500,000
Total	1,135,000	1,365,000	2,500,000

If only the Minimum Subscription as stated in Section 2.2 is raised, the budgeted exploration program expenditure for each project will be adjusted on a pro-rata basis with the exception of the Darlot East project where the first year's expenditure will be reduced to \$15,000 and the second year's expenditure will be reduced to \$21,000.

To the extent that the funds raised under the Offer fall between the Minimum Subscription as stated in Section 2.2 and full subscription, the application of those funds to exploration programs, working capital and fees payable to stockbrokers will be adjusted on a pro-rata basis with the exception of the Darlot East project where the first year expenditure will be reduced to not less than \$15,000.

Investors should appreciate that all exploration budgets are subject to change and are highly dependent on the results achieved. Nevertheless at the date of this Prospectus the budget and the programs planned are, considered by the Directors, to be reasonably stated and a fair estimate of the proposals.

The Directors are of the opinion that on completion of the Offer, and including if only the Minimum Subscription Section 2.2 is achieved, there will be sufficient working capital for the Company to meet its stated objectives.

1.4 CAPITAL STRUCTURE

The capital structure of Korab following the completion of the Offer, assuming the Offer is fully subscribed, is summarised as follows:

To the extent that the funds raised under the Offer are greater than the Minimum Subscription but less than the full subscription, budgeted exploration and working capital will be reduced accordingly (see Section 1.3).

Number of Shares	Description	%
25,000,000	Shares on issue at the date of this Prospectus	56%
15,000,000	Shares to be issued under this Prospectus	33%
5,000,000	Shares to be issued to Discovery Capital Ltd	11%
45,000,000		100%

2. DETAILS OF THE OFFER



2. DETAILS OF THE OFFER

Pursuant to this Prospectus, the Company offers for subscription a total of 15,000,000 Shares at an issue price of 20 cents per Share to raise \$3,000,000 before the expenses of the Offer.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

2.1 USE OF PROCEEDS

The Company intends to use the funds raised from the Offer as follows:

- a) Acquire the Meirose project from Discovery Capital Limited;
- b) Explore and develop Korab's mineral interests as outlined in this Prospectus, including meeting the budgets in Section 1.3;

- c) Provide working capital for the Company to meet its general operating and administrative expenses and where appropriate to pursue other opportunities;

- d) Meet the Company's costs associated with this Prospectus;

The Offer is intended to allow the Company to make application for admission to the Official List of the ASX.

Under this Offer Korab seeks to raise up to \$3,000,000. At the date of this Prospectus Korab has cash and receivables of approximately \$340,000. For information regarding Company assets and liabilities investors should refer to the Independent Accountants Report in Section 5. It is intended that over the next two years the funds raised will be expended as follows:

Description	Expenditure if minimum subscription reached	Expenditure on full subscription of \$3,000,000
Purchase of Meirose	50,000	50,000
Costs of the issue	220,000	260,000
Exploration Programs	1,310,000	2,000,000
Other Working Capital	620,000	690,000
Total	2,200,000	3,000,000

As noted in Section 1.3 if only the Minimum Subscription (as stated in Section 2.2) is raised, the budgeted exploration program expenditure for each project will be adjusted on a pro rata basis with the exception of the Darlot East project where the first year's expenditure will be reduced to \$15,000 and the second year's expenditure will be reduced to \$21,000. Further, and as noted in Section 1.3, to the extent that the funds raised under the Offer fall between the Minimum Subscription and full subscription, the application of those funds to exploration programs, working capital and fees payable to stockbrokers will be adjusted on a pro rata basis with the exception of the Darlot East project where the first year expenditure will be reduced to not less than \$15,000.

Additionally, and as noted in Section 1.3 investors should note that all exploration budgets are subject to change and are dependent upon the results achieved.

The Directors are of the opinion that on completion of the Offer, and including if only the Minimum Subscription is achieved, there will be sufficient working capital for the Company to meet its stated objectives.

2.2 MINIMUM SUBSCRIPTION

The Minimum Subscription to be raised from this Prospectus is 11,000,000 Shares raising \$2,200,000 before expenses. No Shares will be allotted or issued pursuant to the Prospectus until the Minimum Subscription is reached.

Funds will be held in a Trust Account until the Prospectus is closed. If the Minimum Subscription has not been raised with three (3) months after the date of this Prospectus, Applications will be dealt with in accordance with the Corporations Act 2001. Should the Minimum Subscription not be achieved the funds will be returned to Applicants without interest, or the Company will issue a supplementary or replacement prospectus and allow Applicants one (1) month to withdraw their application and be repaid their application monies.

2.3 OVERSUBSCRIPTIONS

The Company will not accept oversubscriptions under this Offer. The maximum amount which may be raised under this Prospectus is \$3,000,000.

2.4 INDICATIVE TIMETABLE

Lodgement of Prospectus with the ASIC	26 May 2005
Opening Date for receipt of Applications	3 June 2005
Closing Date for receipt of Applications	1 July 2005
Dispatch of Holding Statements	14 July 2005
Quotation of Shares on ASX expected to commence on	19 July 2005

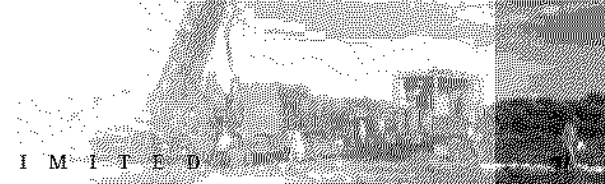
The dates above are indicative only and may vary. The Directors reserve the right to close the Offer early or to extend the closing date or to otherwise change the dates of the Offer without prior notice (subject to the Corporations Act and ASX Listing Rules).

2.5 APPLICATIONS FOR SHARES

Applications for Shares under this Offer will only be accepted on the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of 20 cents per Share. Applications for Shares must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 2,000 Shares (\$400).

No application fees, Brokerage or stamp duty is payable by Applicants.



2.6 LODGEMENT OF APPLICATION FORM

Completed Application Forms and accompanying cheques must be mailed to:

Korab Resources Limited

C/- Advanced Share Registry Services
PO Box 1156
Nedlands WA 6909

Or delivered to:

Korab Resources Limited

C/- Advanced Share Registry Services
110 Stirling Hwy
Nedlands WA 6909

Cheques should be made out to "**Korab Resources Limited – Share Issue Account**" and crossed "Not Negotiable". Completed Application Forms must reach the Share Registry by no later than the Closing Date.

The Company does not guarantee that the Company will accept an Application for Shares pursuant to this Offer.

2.7 ALLOTMENT AND ALLOCATION OF SHARES

Subject to ASX granting approval for this Company to be admitted to the Official List, the allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

2.8 UNDERWRITING

This Offer is not underwritten.

2.9 PLACEMENT FEE

The Company reserves the right to pay a fee of up to 5% to any licensed securities dealer or Australian Financial Services licensee in respect of valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services licensee.

2.10 ASX LISTING

Application will be made to ASX within 7 business days of the date of this Prospectus for admission to the Official List and for Official Quotation by ASX of the:

- Shares offered under this Prospectus
- Existing Shares other than those existing Shares that are or that the ASX is likely to treat as, restricted securities as defined in the Listing Rules

If ASX does not grant permission for Official Quotation of the Shares within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In that circumstance, all Applications will be dealt with in accordance with Section 724 of the Corporations Act.

ASX does not take responsibility for the contents of the Prospectus. The admission of Korab to the ASX Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered by this Prospectus.

2.11 RESTRICTED SECURITIES

As a condition of admitting the Company to the Official List, ASX may classify certain existing Shares as restricted securities.

Accordingly the owners and controllers of those Shares may be required as a condition of the Company being admitted to the Official List to enter into restriction agreements in accordance with the Listing Rules. Such agreements would prohibit the relevant Shares being transferred, assigned or otherwise disposed of during the relevant escrow period.

It is anticipated, and subject to direction of ASX that 23,100,000 of the Seed, Founders and Vendors Shares will be escrowed for varying periods from 12 months to 24 months commencing as and from Korab being admitted to the Official List of ASX.

2.12 VOLUNTARY ESCROW

Discovery Capital Limited has agreed to a voluntary escrow on the 5,000,000 Shares it is to receive for the purchase by Korab of the Melrose Prospect for a period of 12 months commencing from Korab being admitted to the Official List of ASX. The Shares form part of the purchase price payable in relation to the Melrose Prospect (see Summary of Material Contracts in the Solicitor's Report in Section 6).

2.13 CHESS

The Company will apply to participate in the Clearing House Electronic Sub register System (CHESS) which is operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASTC Business Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send a CHESS statement.

2.14 RISK FACTORS

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus may involve exposing the investor to a number of risks. Some of the attendant risks are set out in Section 97 of this Prospectus and investors are urged to consider those risks (and if necessary consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 7, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered speculative.

2.15 ENQUIRIES

This Prospectus provides information for potential investors in the Company, and should be read in its entirety.

If you have any queries about the Offer set out in this Prospectus or how to apply for Shares, please contact your stockbroker, accountant or financial adviser.



2.16 PRIVACY STATEMENT

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a shareholder and to facilitate distribution payments and corporate communications to you as a shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Share Registry at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the SCH Business Rules. You should note that if the information required on the application for shares is not provided, the Company may not be able to accept or process your application.

2.17 CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offer, assuming the offer is fully subscribed, is summarised as follows:

Shares	Number	%
Shares on Issue at the date of Prospectus	25,000,000	56%
Shares now offered	15,000,000	33%
Shares to be issued to Discovery Capital Ltd	5,000,000	11%
Total Shares on issue at completion of the Offer	45,000,000	100%

2.18 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not, and is not intended to, constitute an offer of securities in any place or jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice or observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. No action has been taken to register or qualify these Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

3. BOARD AND MANAGEMENT



3. BOARD AND MANAGEMENT

3.1 BOARD OF DIRECTORS

Andrej K. Karpinski

Executive Chairman and Company Secretary, Age: 48

Mr. Karpinski's background is in investment banking, commodities trading and funds management. He has held senior positions with Australian and international companies operating in the areas of corporate finance, commodities trading and funds management including Array Corporation Pty Ltd, Rheinemann Ltd. and Americorp Finance (Australia). Mr. Karpinski has been a Director of Korab since incorporation. He brings to the Company his network of Australian and international contacts within resources and securities sectors, his administrative skills and his expertise in financial risk management, treasury management, project financing and resources banking. Mr. Karpinski is a Fellow of the Australian Institute of Company Directors, a Fellow of Australasian Institute of Banking and Finance, an Associate Member of the Securities Institute of Australia and a Member of the Society of Petroleum Engineers.

Rodney H. J. Skeet

Non Executive Director, Age: 63

Mr. Skeet's background is in commodities financing and investment banking. During his career spanning 37 years he has held senior positions with financial institutions in the UK and USA including Phillip & Lion, IndoSuez, Credit Agricole, Rudolf Wolf and Brody White, Inc. His most recent position was as vice president with Dean Witter-Morgan Stanley Group in New York. Mr. Skeet has been a Director of Korab for the past 3 years. He brings to the Company his broad network of international contacts within resources and securities sectors and his expertise in resources financing.

Malcolm J. McKenzie

Non Executive Director, Age: 61

Mr. McKenzie's background is in corporate management, real estate property and land development. His corporate experience includes 24 years as a director of BGC, one of the largest private manufacturing, construction and contracting companies in Australia with current sales in excess of \$1 billion. Malcolm has been a Director of Korab for the past 3 years and provides to the Company the benefits of his general business and corporate experience as well as an ongoing strong interest in the resources sector.

Andrew Boon San Teo

Alternate Director to Malcolm J. McKenzie, Age: 52

Mr. Teo's background is in accounting and business administration. Over 26 years he has gained extensive experience in business management, finance and corporate management. In addition to being alternate director to Mr. McKenzie on the Board of Korab, Mr. Teo is a company secretary, Chief Financial Officer and a director of BGC, one of the largest private manufacturing, construction and contracting companies in Australia with current sales in excess of \$1 billion. He is a CPA and a Fellow of the Taxation Institute of Australia.

3.2 MANAGEMENT

John E. Jordan

Chief Operating Officer, Age: 49

Mr. Jordan's background is in geology and project management. He possesses over 20 years of broad experience in the Australian mineral resources industry, with extensive knowledge of mining and processing operations, and associated socio-political and regulatory environments. He has held senior positions with (among others) Uranerz Australia Pty Ltd, CRA Exploration Pty Ltd, Plutonic Resources Ltd, Precious Metals Australia Ltd, Stockbridge Group (Resolute Resources et al), BHP World Minerals Pty Ltd, and Anaconda Nickel Ltd.

3.3 CORPORATE GOVERNANCE

The Board is responsible for the implementation of good corporate governance principles in the Company and recognises the obligation to ensure that the highest standards of accountability and behaviour are met.

Primary responsibilities of the Board include:

- * formulation and approval of the strategy, objectives and goals of the Company;
- * monitoring of the Company's financial performance;
- * approval of the Company's financial statements;
- * implementation of adequate internal control systems and procedures and monitoring of compliance with these;
- * identification and appropriate management of business risks;
- * review of the performance and remuneration of executive directors; and
- * establishment and adherence of appropriate ethical standards.

The Board proposes to prepare and publish a Corporate Governance Charter as soon as practicably possible following its admission to the Official List of ASX.

To enable investors to better understand the approach to Corporate Governance the Directors advise:

- (i) the primary responsibilities of the Board are set out above;
 - (ii) the Company does not have a separate Audit Committee as at the date of this Prospectus and the role of such a Committee is carried out by the full Board. Following admission of the Company to the Official List of ASX, the Board will establish a Audit Committee which will comprise no less than 2 non executive directors of the Company;
 - (iii) all Board meetings will have as a standing agenda item a matter called "Continuous Disclosure". This item will ensure that at every Board meeting the Directors are to satisfy themselves as to whether there are any matters requiring disclosure in accordance with ASX Listing Rules.
- Consideration of this matter at Board meetings will not be in substitution for the obligation of the Company at all times to meet its continuous disclosure obligations under the Listing Rules.

4. INDEPENDENT GEOLOGIST'S REPORT



MALCOLM CASTLE
Consulting Geologist
ABN: 84 274 218 871

P.O. Box 473, South Perth WA 6951
Phone: 08 9368 4923, Fax: 08 9368 4932
Mobile: 04 1234 7511
Email: mjc@optusnet.com.au

18 April 2005

The Directors
Korab Resources Limited
Level 1,
89 St George's Terrace
Perth WA 6000

Dear Sirs,

Re:

**INDEPENDENT GEOLOGIST'S REPORT ON THE MINERAL PROPERTIES in the EASTERN GOLDFIELDS and ASHBURTON REGIONS,
WESTERN AUSTRALIA and BATCHELOR, NORTHERN TERRITORY.**

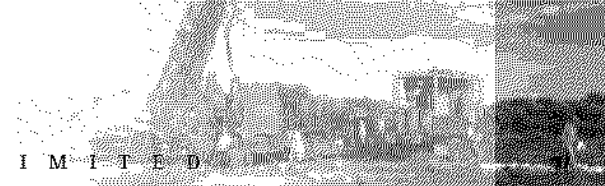
I have been commissioned by Korab Resources Limited (ACN 082 140 252) ("Korab") to provide an independent technical report on the company's projects in Western Australia and Northern Territory. This report is to be included in a Prospectus to be lodged by Korab with the Australian Securities and Investments Commission ("ASIC"), offering for subscription 15 million Shares at an issue price of \$0.20 per Share (the "Prospectus"), to raise a total of \$3 million (before costs associated with the issue). The funds raised will be used for the purpose of exploration and evaluation of the mineral properties in which Korab will be the beneficial owner.

Korab is focusing on the Yandal Greenstone Belt and environs of Western Australia and the Batchelor area in the Northern Territory. It holds projects at Melrose, Darlot East, Mt Elephant, Batchelor and Throssell. The projects are prospective for gold and polymetallic mineralization, including uranium, with major mines in the near environs to Darlot East and Batchelor.

This review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. A listing of the principal sources of information is included in this Report. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to Korab, along with a written request to identify any material errors or omissions prior to lodgement.

This report has been prepared in accordance with the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission ("ASIC") and the Australian Stock Exchange ("ASX"), which pertain to Independent Expert Reports. Where mineral resources have been referred to in this Report, the classifications are consistent with the Australasian Code for Reporting of Mineral Resources and Ore Reserves ("JORC Code"), prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, effective December 2004. The report complies with section 716(2) of the Corporations Act 2001 where consent is required if statements have been attributed to third parties.

Under the definition provided by the ASX and in the JORC Code, these properties are classified as 'exploration projects', which are inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the programs proposed by Korab.



Korab intends to raise \$3 million, and at least half of the liquid assets held and funds proposed to be raised are understood to be committed to the exploration and development of the properties in Western Australia. Korab has sufficient working capital to carry out its stated objectives and has prepared staged exploration programs, specific to the exploration potential of the individual tenements, which are consistent with its budget allocations. It is considered that sufficient exploration and mining activities have been undertaken by earlier explorers in the last 10 years to justify the proposed programs and expenditure. The proposed exploration and development budgets exceed the minimum annual statutory expenditure requirement on the Projects.

The independent technical report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears.

I am not, nor intend to be a director, officer or other direct employee of Korab and have no material interest in the Projects or Korab. The relationship with Korab is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully

Malcolm Castle

Author: Malcolm Castle, Principal Geologist of Agricola Consultants

Malcolm Castle has 40 years experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company 18 years ago and specializes in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including gold, base metals and mineral sands. He has been responsible for project discovery through to feasibility study in Indonesia and technical audits in many countries.

TABLE OF CONTENTS

1	SUMMARY	21
2	MELROSE PROJECT	22
2.1	Location Access and Tenure	22
2.2	Regional Setting	24
2.3	Geology and Mineralization	24
2.4	Previous Exploration and Mining	25
2.4.1	Historic Mining and early Exploration	25
2.4.2	Surface Evaluation	25
2.4.3	Drilling	25
2.4.4	Resource Estimation	26
2.4.5	JORC Assessment Requirements	30
2.5	Conclusions and Recommendations	33
3	DARLOT EAST PROJECT	36
3.1	Location Access and Tenure	36
3.2	Regional Setting	36
3.3	Local Geology	36
3.4	Previous Exploration and Mining	38
3.4.1	Historic Mining and Exploration	38
3.4.2	Surface Evaluation	38
3.5	Conclusions and Recommendations	39
4	MOUNT ELEPHANT	40
4.1	Location Access and Tenure	40
4.2	Regional Setting	40
4.3	Geology and Mineralization	40
4.4	Previous Exploration	40
4.4.1	Historical Mining and Early Exploration	40
4.4.2	Surface Evaluation	40
4.4.3	Drilling	40
4.5	Conclusions and Recommendations	40
5	BATCHELOR PROJECT	41
5.1	Location Access and Tenure	42
5.2	Regional Setting	42
5.3	Geology and Mineralization	42
5.4	Previous Exploration and Mining	45
5.4.1	Historic Mining and early Exploration	45
5.4.2	Surface Evaluation	45
5.5	Conclusions and Recommendations	48
6	THROSSSELL PROJECT	49
6.1	Location Access and Tenure	49
6.2	Regional Setting	49
6.3	Geology and Mineralization	49
6.4	Previous Exploration and Mining	50
6.5	Conclusions and Recommendations	52
7	EXPLORATION & DEVELOPMENT STRATEGY AND BUDGET	53
7.1	Melrose Project	53
7.2	Darlot East	53
7.3	Mt Elephant	53
7.4	Batchelor Project	53
7.5	Throssell Project	53
8	PRINCIPAL SOURCES OF INFORMATION	54
9	GLOSSARY OF TECHNICAL TERMS	55

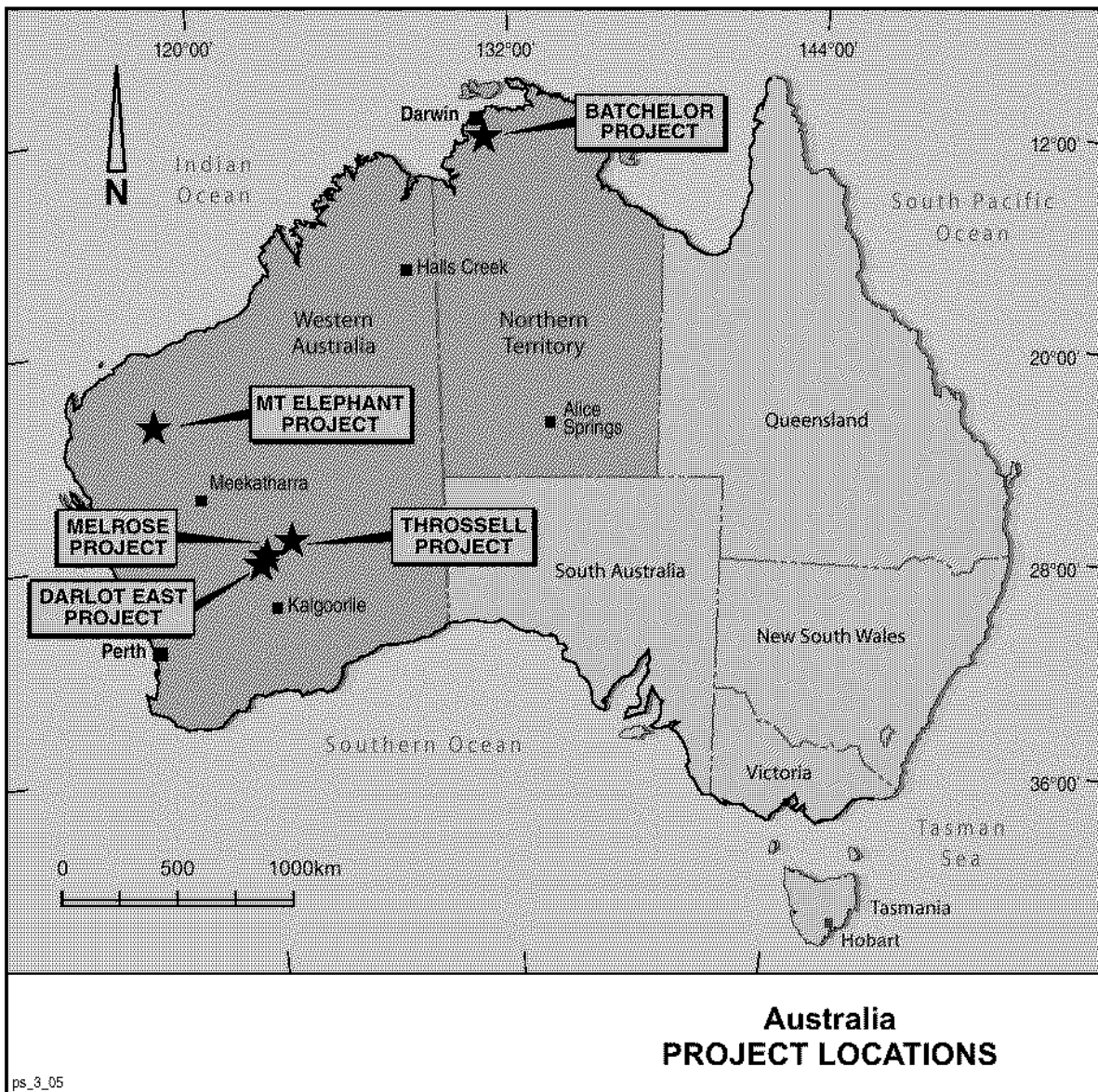


Figure 2

1. SUMMARY

The **Melrose Project** is located 400km north of Kalgoorlie and 170km north of Leonora and comprises tenements covering 278.8km². Gold mineralization is hosted by Archaean volcanic rocks including a strong felsic component of Wanganoo/Mt Fisher Greenstone Belt. This zone is separated from the Yandai Belt (which hosts the large 3.6 million ounce Bronzewing Gold Mine) to the west by a 30 to 40km wide body of Archaean granite. The 2.4 million-ounce Darlot/Centenary Gold Mine is located approximately 70km to the southeast.

The project area contains significant gold mineralization in an area that has not yet received the exploration attention of other areas that are closer to established infrastructure. Nevertheless, gold resources of 306,000 ounces have been delineated in three deposits in close proximity to each other.

The largest resource is located at the Boundary Deposit where 4.61 million tonnes at 1.37g/t gold (202,000 ounces) have been estimated by an independent consultant. The Bungarra Deposit has an estimated 1.66 million tonnes at 1.64g/t gold (87,000 ounces) and the Stirling deposit contains a further 0.4 million tonnes at 1.31g/t gold (17,000 ounces). The current combined resource for the Melrose Project is 6.67 million tonnes at 1.43g/t gold containing 306,000 ounces.

Melrose, formerly called the Dingo Range Project, has a long history of exploration activity for a variety of commodities and modern gold-focused exploration techniques have been applied in the area since 1993 with significant success. Some of the past drilling has been unsuccessful in penetrating to bedrock through alluvial cover and needs to be reassessed. There remains significant potential to expand on the known resources and to delineate higher grade shoots, to test other, newly discovered surface gold targets and to test structural targets under alluvial cover.

The **Darlot East Project** is located approximately 120 km north of the town of Leonora at the southern end of the Yandal Greenstone Belt within Eastern Goldfields Province of Western Australia.

The mineralized target at the Darlot East Project is seen to be similar to the Darlot and Centenary deposits further to the west. Recent geological interpretation of magnetic information has enhanced the understanding of the structural geology of the tenement area. This new structural interpretation includes the identification of a potential shallowly dipping, NNW-striking thrust fault in the west of the tenement. This thrust fault is likely to be part of the set of NNW-striking conjugate thrust faults hosting the nearby Centenary gold deposit.

The **Mt. Elephant Project** is located in the Ashburton Basin 36 km south southwest of Paraburdoo and covers a 12 kilometre thick succession of low grade sedimentary rocks of the Wyloo Group. Historic soil sampling indicated slightly elevated values of gold over several traverses and rock chip samples of gossan outcrops returned isolated high values up to 29 g/t gold and >10% copper. Follow up drilling confirmed that mineralisation was present at depth and ASTER images of the area indicate a clear exploration target associated with zones of multiple quartz veining that warrants further work.

Further exploration will include comprehensive surface sampling and geophysics in preparation for both a shallow reconnaissance drilling program and, subject to the results of the planned geophysical review, a deeper program to test the known gossan areas below 100 metres.

The **Throssell Project** lies at the northeast margin of the Yilgarn Craton and is located 450km northeast of Kalgoorlie. The western edge of the tenements covers a fundamental deep seated fault with a possible displacement of 7,000 metres that forms the boundary between the Yilgarn Block and the Officer Basin.

The project includes a strongly anomalous WNW trending magnetic feature which is coincident with several discrete gravity anomalies and structural features. Earlier work indicated the basement rocks are at relatively shallow depth underlying the edge of the Officer Basin.

The presence of deep-seated structures and geophysical anomalies may be indications of zones with potential for gold and polymetallic mineralization. Korab plans to test these zones with drilling and further geophysics to gain a better understanding of the geological environment.

The **Batchelor Project** is located in the Northern Territory near the town of Batchelor. It covers prospective Lower Proterozoic sediments which have locally hosted economic deposits of uranium, copper, zinc, lead and gold. A significant deposit of lead/copper/cobalt and nickel is currently the subject of a feasibility study at Browns.

The Korab tenements contain past gold production at Sundance mine (17,800 tonnes at 10.7 g/t). At Sundance East prospect 6 km east and along strike of the Sundance mine, drilling has obtained best results of 14 metres at 1.88 g/tonne Au and 12 metres at 2.98 g/tonne Au.

Magnesite exploration has outlined a number of other gold anomalies which are yet to be tested. Anomalous zinc is present at the White Bomb and Telegraph prospects with the best drill intersects to date 6 metres at 11.7% Zn and 10 metres at 0.69% Zn respectively.

Up to 2004, most recent exploration has concentrated on the magnesium potential of the Batchelor tenements. Close spaced drilling by Mt Grace Resources NL over the Winchester Resource has outlined an Indicated Resource of 12.2Mt @ 43.1% Magnesium Oxide (MgO) and an Inferred Resource of 4.4Mt @ 43.6% MgO. The resource was considered sufficient for over 25 years production at a rate of 50,000tpa magnesium metal. The project has reached feasibility study stage but is currently dormant due to economic factors.

During 2004 and 2005, the zinc, gold and uranium potential of the project area was re-evaluated. A number of advanced targets were generated and consequently selected for further work based on anomalous zinc, gold and cobalt values, as well as stratigraphic position in relation to preferred target horizons.

Korab's primary focus is on the uranium, gold and polymetallic (zinc, lead) potential of the area.

2. MELROSE PROJECT

The **Melrose Project** is hosted by Archaean volcanic rocks, including a strong felsic component, and is separated from the Yandal Belt (which hosts the large 3.6 million ounce Bronzewing Gold Mine) to the west by a 30 to 40km wide body of Archaean granite. The 2.4 million-ounce Darlot/Centenary Gold Mine is located approximately 60km to the southeast.

The largest resource is located at the Boundary Deposit where 4.61 million tonnes at 1.37g/t gold (202,000 ounces) have been estimated by an independent consultant. The Bungarra Deposit has an estimated 1.66 million tonnes at 1.64g/t gold (87,000 ounces) and the Stirling deposit contains a further 0.4 million tonnes at 1.31g/t gold (17,000 ounces). The current combined resource for the Melrose Project is 6.67 million tonnes at 1.43g/t gold containing 306,000 ounces.

2.1 LOCATION ACCESS AND TENURE

The project area is located 400km north of Kalgoorlie and 170km north of Leonora. The tenement package covers 278.8km² and falls within the Wanganoo/Mt Fisher Greenstone Belt.

The Melrose project is covered by 2 granted mining leases, 2 granted exploration licences and 1 tenement application.

Melrose Tenement Schedule

Tenement	Granted	Area	Rent	Commitment
E37/769	24 Sept 04	69bl	\$6,831.00	\$62,100
E37/794	31 March 05	18bl	\$1,782.00	\$20,000
M37/108	9 Jul 87	11.04Ha	\$157.08	\$10,000
M37/519	22 Aug 95	185.28Ha	\$2,434.74	\$18,600
M37/1167	Application	103.00Ha		
Total			\$9,422.82	\$90,700

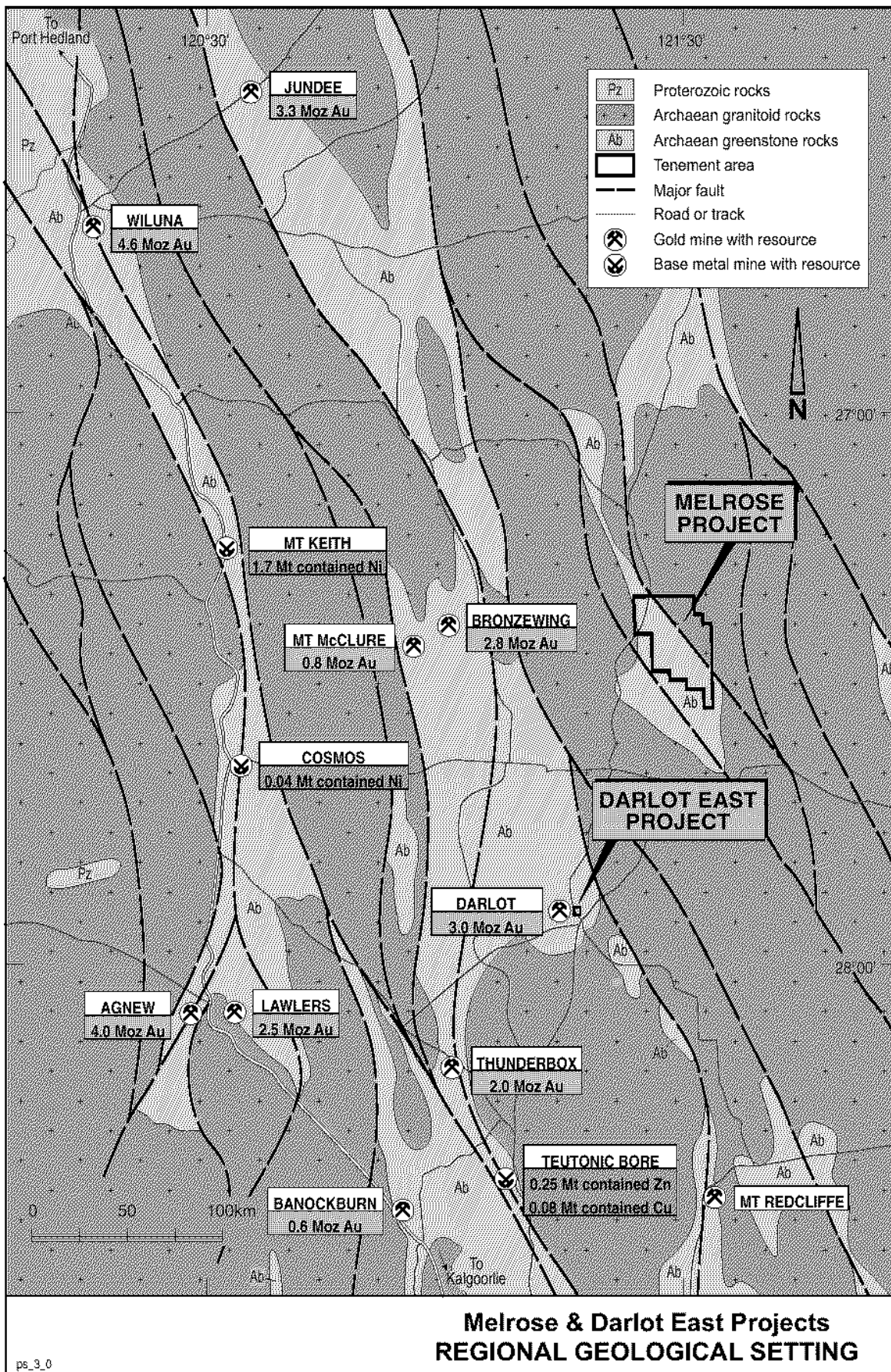


Figure 3

2.2 REGIONAL SETTING

Melrose is located in the Eastern Goldfields within the Archaean Yilgarn Craton. The project is part of the Wanganoo greenstone belt, a narrow 5–12km wide, northwest trending greenstone terrain that extends from Banjiwarr Station in the south to the Gunbarrel Highway in the north. Melrose lies in the southern portion of the belt and is bounded to the east by the North Banja Batholith and to the west by the Mt Blackburn Batholith.

The greenstone stratigraphy is folded about a broad anticlinal axis that passes through the centre of the Melrose tenements striking north northwest and which contains the main gold prospects. Metamorphic grade varies from amphibolite facies along the margins of the belt to Upper Greenschist facies toward the centre.

2.3 GEOLOGY AND MINERALIZATION

Within the project area, a northwest to north northwest trending open antiform contains a core of deeply weathered felsic volcanogenic rock units, consisting of subaqueous flows and sediments. Synvolcanic and late-stage granitoid stocks and porphyry bodies locally intrude the felsic sequence. Along the axis of the antiform at the Boundary, Hurleys Reward and Bungarra deposits and prospect, granitoids and the enclosing felsic rocks act as favourable hosts to gold mineralization.

The boundary between the felsic/metasedimentary sequence and the overlying mafic package is marked by a BIF unit, which forms distinct ridges over a strike length of 9km. This BIF is locally mineralized with gold.

The uppermost section of the greenstone package consists of a thick sequence of tholeiitic and high magnesium basalts, narrow dolerite or porphyry bodies and thin pelitic metasediments.

East-west Proterozoic dolerite dykes, late stage porphyries and granitoids intrude the Archaean basement. A series of mapped and interpreted strike-parallel and northeast to near east-west trending oblique shears transect the greenstone package.

Rock types have undergone intense silicification and weathering with silicified outcrops common in most parts of the project. These silicified saprock exposures form prominent hills and ridges. There are few areas of intact laterite exposed within the project. The dominant regolith setting is a stripped lateritic profile with a remaining thin veneer of colluvium/alluvium. This cover is hardpan to a large extent.

Substantial Tertiary palaeochannels exist in most parts of the project but particularly in the Freemans/Red Cloud area. These often cut across present day drainage systems and are evident in drilling as well as from the aeromagnetic data sets. Regolith mapping has not been undertaken over the project but reconnaissance drilling has indicated that there are significant areas of transported cover present.

The depth of weathering at Melrose varies according to lithological type, intensity of shearing and extent of erosion. Preferential weathering and the development of oxide mineralization has occurred over the fractures and faults within the sediment and

volcanoclastic units where the depth of weathering is typically 50 to 75m but exceeding 90m in places.

The typical profile developed over the host units is (from the base of oxidation) saprock (5 to 10m thick), saprolite (10 to 15m), limonitic oxide clays (10 to 15m), mottled zone (5 to 15m) and alluvium or transported laterite soils (2 to 5m).

The weathering profile is commonly truncated with colluvium and alluvium consisting of calcareous red clay soils, iron nodules and fragments of ferruginous saprolite, directly overlying the clay zone.

Regional Structure

The rock units are broadly folded along a north to north northwest axis. The lithologies are disrupted by northwest to north northwest strike slip faulting with apparent right lateral displacement fault zones. Crosscutting northeast faulting has been observed on magnetic maps and smaller scale northeast faults have been mapped in the field.

These fault intersections have been postulated to have some effect in the control of the emplacement of mineralization and would appear to offer a potential focus for target generation.

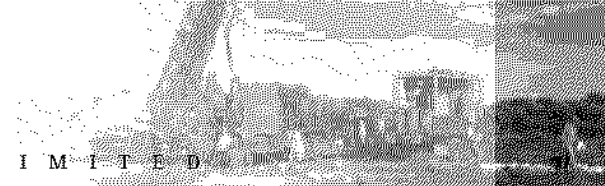
Mineralization and Ore types

The mineralization discovered at Melrose is found in both oxidised and fresh rocks. The host structures for this mineralization fall into the following categories:

1. Flat-lying or gently dipping "supergene" layers within the oxide profile
2. Steep, narrow quartz veins sub-parallel to the fold axial plane cleavage
3. Larger quartz veins occupying dilation sites along lithologic contacts
4. Pervasive fracturing and stockwork mineralization through granitoid and coarse-grained volcanoclastic rocks in the antiform core.
5. Silicification and dilation quartz veins along the western limb of the BIF.

The volcanoclastic, sedimentary and granitoid units have acted as hosts to mineralization due to a combination of their brittle deformation around the antiform, linkage of major structures providing access for hydrothermal fluids, amenability to alteration and physical/chemical affinity for the precipitation of gold. The inter-related fracture systems have provided excellent conduits for mineralization, particularly within the core of the antiform and along contacts.

The mineralization described as "supergene" is a function of weathering zone re-distribution where vein or fault-hosted gold-bearing structures within the oxide profile have been weathered in situ and the gold preferentially distributed or dispersed in the sub-horizontal plane parallel to former (palaeo-) water table positions. The weathering profile has oxide and transition zone mineralization as a series of sub horizontal layers extending from surface to 10m below ground. The majority of mineralization lies at depths of between 10 and 50m.



From observations in diamond drill core the mineralization shows the following characteristics:

1. Alteration haloes around quartz veins are generally small
2. Quartz veins traverse all rock types and are predominantly steep, often cross-cutting the rock fabric
3. Quartz veins are generally white or opaque and may show brecciation but are not layered, porous or crustiform (therefore likely to be formed by brittle deformation)
4. Quartz veins show multiple events with up to 4 overlapping sets of veins intersecting each other
5. Alteration assemblage is normally silica/chlorite/albite with subordinate sericite/carbonate
6. Sulphide assemblage is dominated by pyrite, often very fine grained in the alteration halo but recrystallised to coarser clusters in quartz veins
7. High-grade quartz veins show free gold in association with coarse pyrite; other sulphide species are rare

Three main types of mineralization have been defined based on the relative abundances of various minerals, which occur within the geological and weathering profile.

Oxide Ore – Limonitic and kaolinitic clays with variable proportions of weathered mafic material form the basis of this ore type. These tend to occur in the first 50 metres of the profile.

Density of this clay material varies with location in the weathering profile, but normally occurs within the range 1.6 to 2.1 gm/cc. A density value of 1.8 gm/cc was used for the resource calculations.

Grade variability may be high, especially associated with the redistributed sub-horizontal or "supergene" type occurrences at certain levels where grades above 10g/t gold are clustered within a lower grade, more widely dispersed envelope.

Transitional Ore – This ore type is, as the name suggests, transitional between the highly weathered oxide material and unweathered fresh material. Some parts of this intermediate zone have highly weathered and altered mineralization with oxide characteristics, other parts resemble bedrock sulphide. The global grade tends to be higher than oxide mineralization, however the tonnage is often lower. The Melrose Inferred Mineral Resource estimates were completed assuming that the oxide rocks were consistently weathered and no attempt was made to separate out the transition material at that stage.

Sulphide Ore – Sulphide-type mineralization is located in fresh rocks below the weathering profile. The global average grade for Melrose sulphide mineralization is 4.1 g/t gold. Ore is found in brecciated, quartz-veined and altered zones hosted by volcanoclastics, granitoids and sediments, which have undergone brittle deformation and hydrothermal alteration.

Mineralization is associated with quartz veins and chlorite-silica alteration accompanied by sulphides, which are dominantly pyrite. The density of this type of ore varies from 2.6 to 2.85 gm/cc based on standard rock density data and current information from nearby mines with similar host materials in the northeast Goldfields.

2.4 PREVIOUS EXPLORATION AND MINING

2.4.1 Historic Mining and early Exploration

• Nickel – Copper 1960s to 1970s

Nickel-copper exploration was completed over ultramafic rocks, mainly outside the Melrose Project area. Work carried out included ground magnetics and IP. Not all work appears to have been reported in detail, particularly costeaning and drilling in the northern parts of the explored ground.

Nickel exploration was undertaken on the Devine's prospect. It is likely that it was to the south of Korab's current tenure around AMG 6962800mN: 344000mE. Work carried out included geological mapping, ground magnetics, rock chip sampling, auger sampling, percussion drilling, and the drilling of at least five diamond core holes. Narrow zones of nickel sulphides (to 0.6-1.3% Ni) were intersected in a number of holes. Ground investigation suggests that some bulk rock samples were taken. Further exploration included grid surveying, geological mapping, soil sampling (Cu, Ni, Zn), 34 line-kilometres of ground magnetics, the drilling of 162 shallow auger holes (analyses for Cu, Ni, and Zn only) and 62 rotary-air-blast holes. At shallow depth, lateritic Ni values of + 3000ppm were common, with occasional values to 6000- 7000ppm.

Nickel-polymetallic exploration was undertaken over a broad area from north of Wanganoo homestead to south of Banjiwarn homestead and included geological mapping, low level aeromagnetics/radiometrics, ground magnetics, SP, rock chip sampling, soil sampling (Cu, Ni, Zn and Co), and percussion drilling (location of latter uncertain from report and may not be within the Melrose project area)

• Gold Exploration 1980s

Early activities were limited to gold exploration in the general Freemans Find area. Little work was done beyond reconnaissance rock-chip/soil sampling. Further work was carried out over a chain of tenements that included a portion of the Korab project area. Work included geological mapping, rock chip sampling, stream sediment sampling, regional soil sampling and an aeromagnetic/radiometric survey. The latter is of good quality (200m line spacing, 60m MTC, magnetometer sensitivity 0.04nT).

2.4.2 Surface Evaluation

A relatively extensive grid-based angled RAB program was carried out in the 1980s in an area extending north-north-west from about 6970000mN:344000mE. A series of programs associated with 2 joint ventures were completed over an area overlapping with a portion of Korab's current tenure. Over the years the work included geological mapping, rock chip sampling, gridding, ground magnetics, RAB drilling, stream sediment sampling and soil sampling. Apart from one intersection at the Hodder's prospect, south-east of Freeman's Find that could not be upgraded by close infill drilling, little encouragement was apparently encountered. Several weak intersections were encountered on the southern extensions of the Hurleys Find occurrence with best intercepts of 6m at 1.56ppm gold and 4m at 8.95 g/t gold.

The current Melrose Project was initiated as a Joint Venture in 1990. The first phase of exploration investigated RAB intersections previously defined at the Bungarra Prospect. This follow-up work included wide-spaced reconnaissance RAB drilling that succeeded in identifying the Boundary and Stirling mineralization. Exploration continued with an investigation of historical data, which was validated and re-interpreted onto a standard AMG grid. Target areas were selected by examination of geophysical, geochemical and structural/geological data and prioritized according to order of decreasing economic significance as follows:

- oxide near-surface ore
- extensions of known deposits
- favourability of geological/structural setting
- target areas under cover

2.4.3 Drilling

This approach led to additional RC drilling at Boundary and Bungarra and regional RAB programs to the north and south of this area along the strike of the BIF. Results provided the identification of resources at Boundary, Stirling and Bungarra and anomalies at Komodo, Red Cloud, Eclipse, Hole in One and other areas.

Resource estimations during September 1998 defined a global uncut Inferred Mineral Resource at Melrose of approximately 8.03 million tonnes at 1.5 g/t Au for about 388 thousand ounces of gold using a lower cut-off of 0.5g/t Au.

Exploration over the whole property continued however most efforts were concentrated at the Boundary resource. This included detailed ground IP surveys to help define possible sulphide-rich extensions to mineralization. Some deeper RC drilling to test targets and increase drill density was completed.

All RC drill data was incorporated into a revised resource estimate for the Boundary Deposit. As a result, 80% of the total resource at Boundary was upgraded to Measured or Indicated status. Total resources at a lower cut-off of 0.5g/t Au were estimated to be 4.61 million tonnes at 1.37g/t Au (202,000 ounces). Higher grade material is present as discrete shoots within a lower grade envelope. For instance, at the Boundary Deposit and at a cut-off of 1.5g/t Au, the total gold resource was estimated to be 1.44 million tonnes at 2.51g/t Au (116,000 ounces).

RC drilling of IP targets outlined minor extensions to the Boundary Orebody to the north, associated with sulphide mineralization. Other RC drilling at Boundary indicated lower-grade BIF mineralization was present on the eastern side of the deposit.

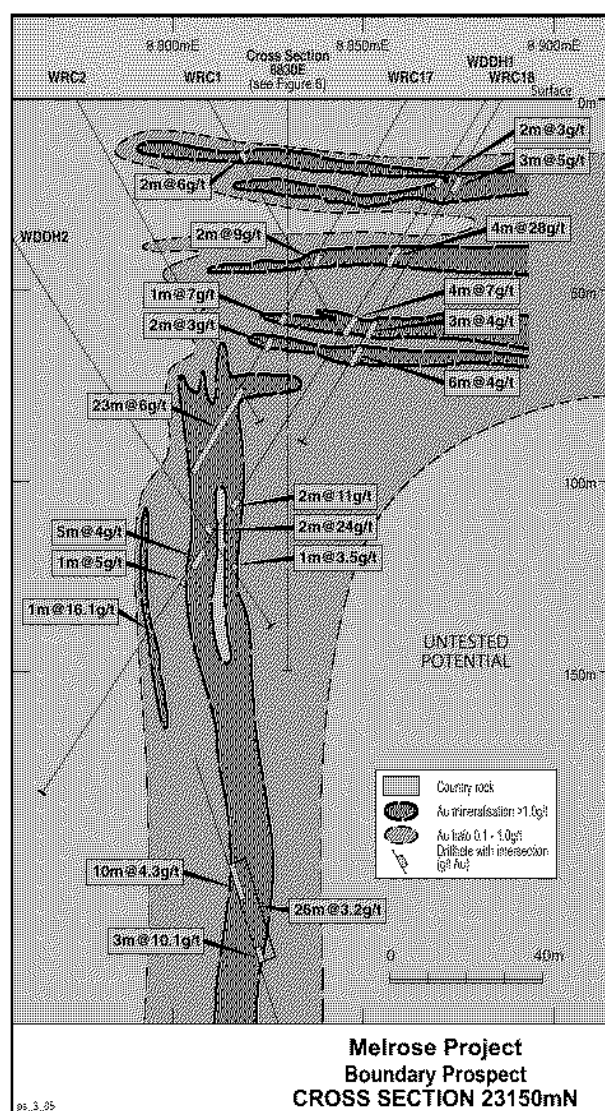


Figure 4

A detailed airborne geophysical survey was flown over the area in 2000. Targets for gold and polymetallics were identified and drilling on wide 400 x 50m spaced grids encountered numerous paleo-drainages up to 70-80 metres deep. Due to these difficult drilling conditions, not all targets were effectively tested. Bedrock gold anomalism of up to 55ppb gold (4 metre composite samples) was encountered in porphyritic felsic volcanics, basalts and talc carbonate-altered ultra mafic rocks over one target area. No detailed infill was completed over these areas.

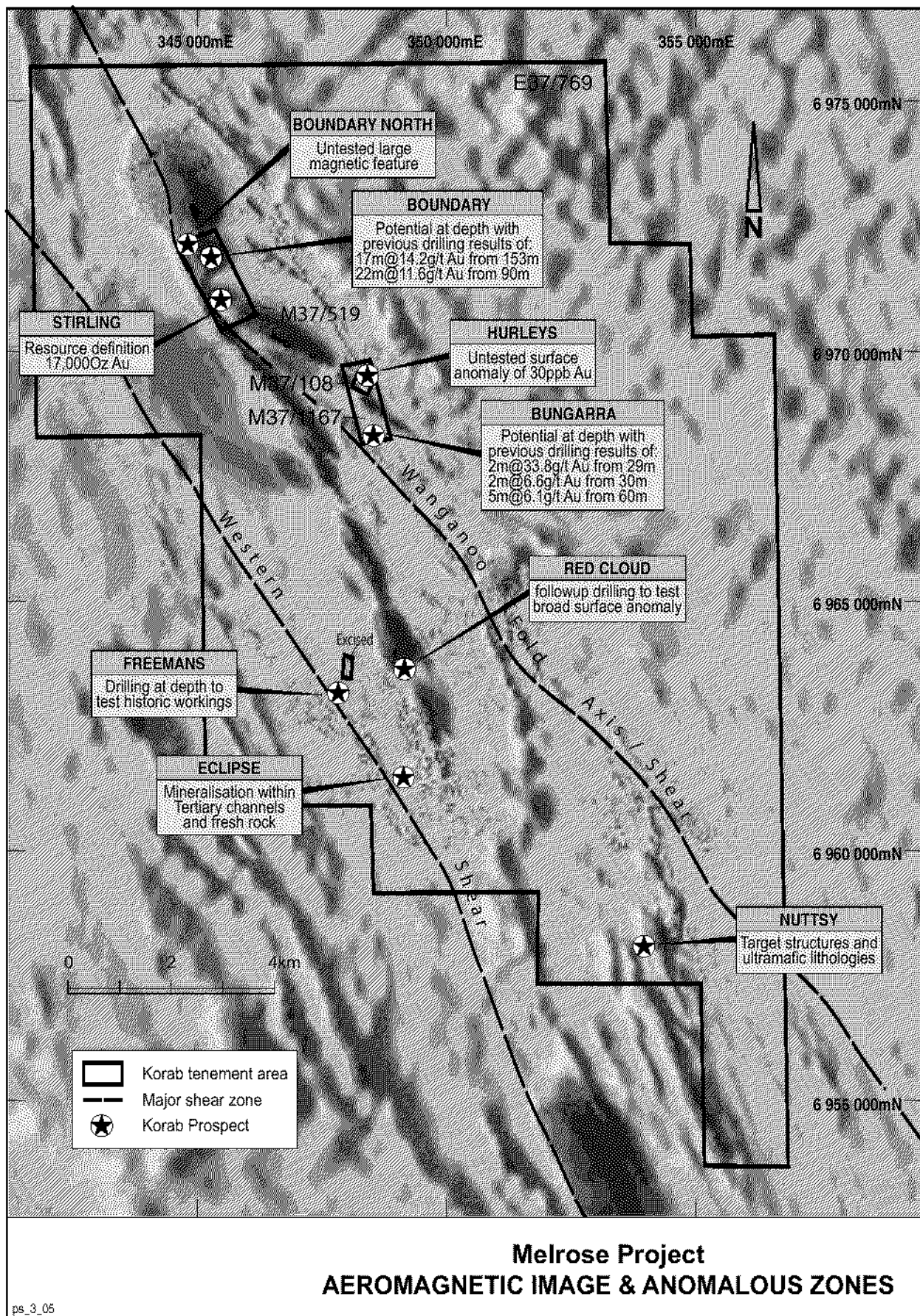


Figure 5

Office studies using revised resource models with better-constrained geological limits that excluded low-grade envelopes were generated and employed as a basis for very preliminary scoping studies that indicated a portion of the Bungarra resource could be economically extracted and toll treated through either the Bronzewing or Darlot processing plants.

A five hole RC drilling program for 785 metres at the Boundary project in 2004 was designed to investigate the potential for an alternate mineralized trend as well as to test for the continuity of mineralization. A number of high grade intersections within wide low grade intersections were discovered and the drilling confirmed the extensive mineralization within the Boundary deposit. The earlier drilling was oriented at 270 degrees and the later program was oriented at 360 degrees and 180 degrees. Higher grade intercepts include 4 metres at 6.6g/t gold; 56 metres at 3.6g/t gold (including 5 metres at 5.2 g/t gold; 3 metres at 44.0g/t gold; 2 metres at 8.5g/t gold); 1 metre at 36.0g/t gold; 6 metres at 5.7g/t gold and 2 metres at 8.3g/t gold (See Figure 7 2004 Drilling Cross Section 8830E).

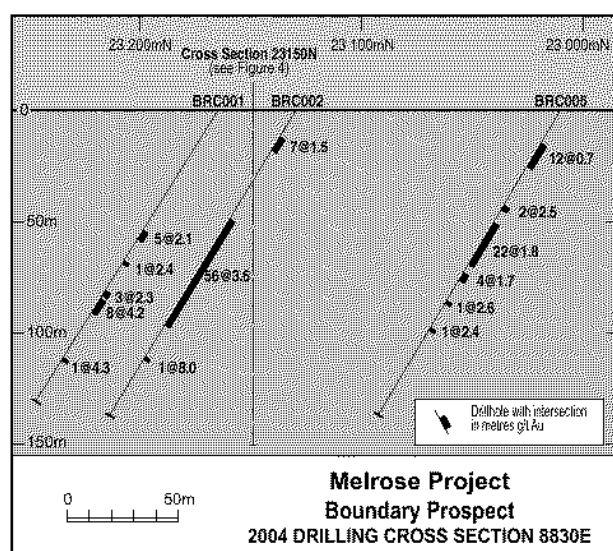


Figure 6

A more recent RAB and Aircore drilling program in 2004 (37 holes for 1,685 metres) on other regional identified targets returned background levels of gold, arsenic, copper and nickel though some areas indicated weak anomalism.

2.4.4 Resource Estimation

The three known gold resources at Melrose are all located within 5km of each other along the Wanganoo antiform fold axis. They lie within the fold core, bounded by prominent BIF ridges that close just north of the Boundary deposit. The antiform plunges to the north-northeast at approximately 40-45°. Rock types within the fold core are dominantly felsic to intermediate meta-volcanics and volcanoclastics. Mafic-ultramafic sills intrude the volcanic pile at all three areas, but these do not appear mineralized. Late stage granodiorite intrusions along the fold axis are common to each deposit and these appear to be a locally favourable host to mineralization.

Various models for the style of mineralization have been suggested, including skarn type alteration and mineralization in a porphyry system. However, it would appear from more recent work that gold bearing fluids have been emplaced in dilational areas related to shear/foliation or thrust planes around the margins of granodiorite bodies, sited adjacent to major structures. These structures include northeast trending faults at Boundary and Stirling and possibly a north-south fault at Bungarra.

More localised fracture or shear sets have influenced vein set directions and appear to be associated with regional foliation and axial plane cleavage. The majority of the primary mineralization has been assumed to be developed within brittle-ductile veins and associated alteration haloes in steeply west-dipping structures, sub-parallel to the trend of the anticline. However, some oriented data from the Boundary deposit also indicates some veins trend parallel to the east northeast trending cross structures. A modified slate-belt style geometry, involving a combination of shear-related quartz vein mineralization along the fold limbs and possibly folded 'saddle reef-style' veining about fold axes has been proposed for the Melrose deposits. In general, there is insufficient detailed structural information on the geometry of the mineralized vein sets to be confident as to the geometry of the mineralization within any of the existing resource areas.

Within the oxidised portion of each deposit, the extent to which the mineralization reflects primary grade distribution, as apposed to flat-lying supergene overprinting is often difficult to quantify.

Few density determinations have been performed on any of the core from the main prospects and the density data utilised for resource calculation purposes has largely been assumed by analogy with similar styles of deposit and weathering profiles found elsewhere in the region.

No metallurgical testing has been undertaken on material from any of the prospects and likely recovery factors are unknown.

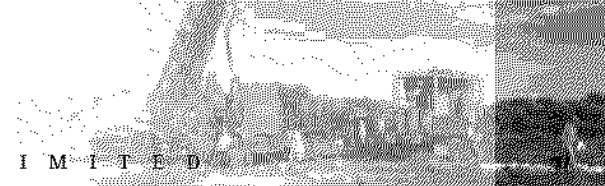
Boundary

The Boundary Resource estimate was as follows:

Boundary Deposit – Oxide and Fresh Rock Resources

(Above 0.5g/t cut-off)

Category	Zone	Tonnes (t)	Grade (g/t)	Ounces
Measured	Oxide	32,000	1.45	1,000
	Fresh	652,000	1.36	29,000
	Subtotal	684,000	1.36	30,000
Indicated	Oxide	260,000	1.46	12,000
	Fresh	2,764,000	1.30	116,000
	Subtotal	3,024,000	1.31	128,000
Inferred	Oxide	60,000	1.21	2,000
	Fresh	840,000	1.58	43,000
	Subtotal	900,000	1.56	45,000
Grand Total		4,608,000	1.37	203,000



This resource estimation used a block model that was largely unconstrained to poorly constrained and governed by statistical examination of the assay data. Thus the polygonal zones were interpreted mainly from gold grades, but did include some fairly limited geological and structural data. Mineralization is primarily associated with multiple quartz vein sets with no preferred host rock, lithological boundary or other mappable unit.

Resource estimates at other lower cut-off grades have been calculated and demonstrate that significant tonnages are present at higher average grades. The following table demonstrates the range of values.

Lower Cut-off Grade	Tonnes	Grade g/t	Ounces
0.5	4,608,000	1.37	203,000
1.0	2,318,000	2.02	151,000
2.0	907,000	2.96	86,000
3.0	317,000	3.93	40,000
4.0	104,000	4.96	17,000

A 10 to 15 metre thick blanket of transported clay and gravels covers most of the deposit. The base of this unit can sometimes contain 2 to 3 metres of plus 20 g/t gold material, either derived from a mechanical or chemical concentration. The regolith beneath the cover is a stripped profile of bleached pallid white felsic clays.

Weathering is generally between 70-90 metres vertical (to top of fresh rock). Petrological studies of the felsic to intermediate volcanic rocks indicate these are high-level rhyolitic/dacitic flows, crystal lithic tuffs and recrystallised volcanogenic conglomerates. These flows are intruded by a medium to coarse grained, sometimes porphyritic, quartz, biotite granodiorite with interstitial hornblende and pyrite. The granodiorite intrusion contains country rock xenoliths and has an irregular contact. Granodiorite veins and dykes also are intersected in drilling in close proximity to the main bodies.

Gold mineralization is interpreted to exist mainly within steeply west-dipping quartz (minor pyrite) veins, primarily along the margins of the granite. A barren phase of sericite-pyrite alteration appears to predate the gold mineralising event, and in general, no consistent correlation exists between gold grade and pyrite content. Within these steep-dipping zones, the majority of individual ore shoots are generally fairly narrow (1-3m wide); of limited vertical extent; generally traceable for less than 20-30 metres up or down dip; but more consistent down plunge, where many can be traced for over 50-60 metres. Whether any of these mineralized envelopes is folded, as suggested by earlier resource estimates is unclear.

Veins cross cut all lithologies, but appear to be best developed in a north-south to north-north east orientation along the western contact between granodiorite and volcanics. Another phase of veining appears to be associated with northeast structures, cross-cutting the granodiorite, volcanics and possibly BIF. The extent to which mineralization is developed within the cross-structures is not readily

apparent. Most veins are very narrow, but some are wider (to 0.5m) milky quartz-pyrite veins. Gold grades within the veins are highly variable with some containing visible gold and grade up to 266 g/t Au. Gold grades within the central part of the granodiorite are generally lower than along the margins, similar to that observed within the BIF units.

Where developed, BIF hosted mineralization is more continuous, due to a pervasive sulphidation of the rocks. However, mineralization in the BIF is generally lower grade (commonly 0.5-1.5 g/t Au) than observed within the granite and surrounding volcanic units. Accessory sulphides include pyrrhotite, chalcopyrite and molybdenite, but these are generally rare.

The Boundary mineralization has been intersected to depths of 250m below surface and remains open at depth. Eastern and Western BIF targets have not been adequately tested, nor have all IP anomalies been explained by drilling to date.

Bungarra

Bungarra contains an Inferred Resource currently estimated at 1.66mt @ 1.64 g/t Au containing 87,000 ounces of gold.

Much of the Bungarra resource has been interpreted to be within two shallowly dipping supergene bodies over an area of 400m by 180m. It is located approximately 4.6km south east of Boundary on the fold axis. Rock types are similar to Boundary, but at least two separate pyrite rich granodiorite intrusions are recognised; a grey granodiorite and a melanocratic granite.

The weathering profile at Bungarra is not as deep, compared to Boundary, averaging between 50m and 60m depth.

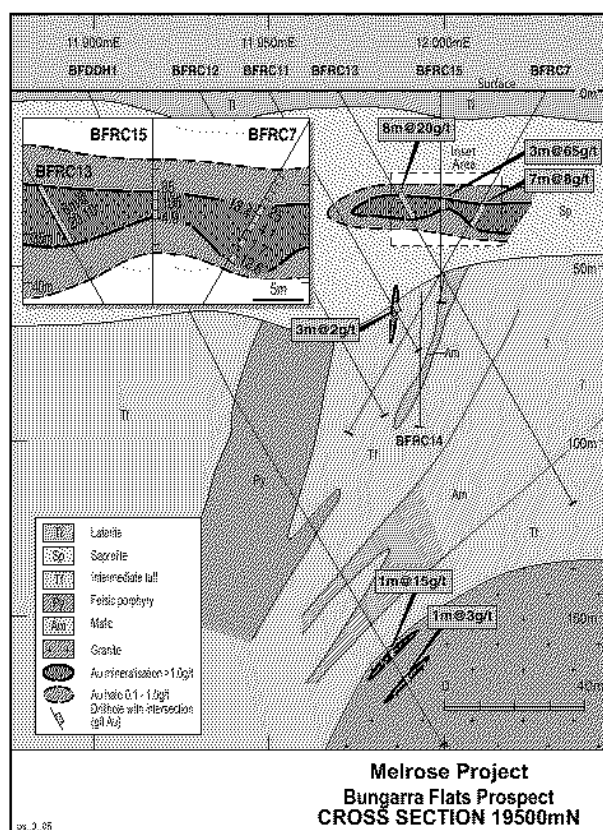


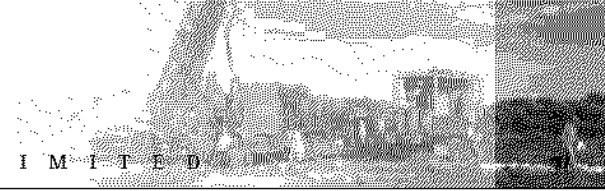
Figure 7

However, supergene gold horizons within the saprolite are well developed and preserved. Primary mineralization has been intersected in a few deeper RC and diamond holes, but portions of the oxide mineralization are potentially more steeply dipping and reflect primary orientations, rather than supergene processes. Where recorded, quartz-pyrite veins are steeply dipping to the west with individual metre grades of to 86 g/t gold. They appear to be aligned north-northwest, but this is not conclusive from the drilling to date. A significant primary gold ore body may exist at Bungarra or beneath adjacent areas of cover but this is yet to be confirmed.

Stirling

Stirling is a small supergene gold resource approximately 1.4km to the south southeast of Boundary. The current Inferred Resource is estimated at 404,000 at 1.31 g/t Au containing 17,000 ounces of gold. This is defined over an area of approximately 50 by 75m metres and 3 drill traverses.

Rock types at Stirling include more ultramafic sills than at Boundary and to date no granodiorite has been intersected in drilling. One reported granodiorite outcrop in a creek at Stirling could not be confirmed. The deposit appears to coincide with limonitic quartz veining on a north-northwest trending structure.



2.4.5 JORC Assessment Requirements

In the Joint Ore Reserve Committee (JORC) guidelines for estimation of Mineral Resources a number of criteria are required to be addressed. The following comments apply to the resources for the Melrose Gold Deposits.

SAMPLING TECHNIQUES AND DATA – MELROSE

Sampling techniques

Core samples have been cut on quarter or half NQ diameter core. RC drilling has been quarter split by riffing down to 2-3 kg size and then bagged. RAB holes were sampled as 4m or 8m composites. Aircore holes were sampled as for core or bagged in 1m intervals.

Drilling techniques

Four principal types of drilling have been undertaken to evaluate the resource. Of these, mainly reverse circulation (RC) drilling and NQ size diamond coring have been used in the resources. The other drilling types such as Aircore holes and Rotary Air Blast (RAB) holes have been used for sampling through clay overburden or where other methods of sampling were unsuitable.

Drill sample recovery

The samples were not logged for determination of sample recovery. Diamond core has been measured for sample recovery, which was determined as a percentage and considered of a satisfactory standard.

Logging

All drill holes have been logged to identify the dominant ore types and significant geological and structural boundaries.

Sub-sampling techniques and sample preparation

Logged mineralized zones in diamond core were sampled on a 1m basis with 1/2 core; 1/4 core was taken on a 2 m basis through logged barren rock. Fresh rock core is cut with diamond saw, oxide material sampled by spatula. Sampling information for diamond core by other companies is generally no longer available.

Most mineralized RC intervals were sampled on a 1 m basis by riffle splitter. Likely waste RC intervals were sampled on 1 m or 4 m basis using riffle splitter.

Quality of assay data and laboratory tests

All assay data have been determined by a NATA authorised laboratory. Check assays have been undertaken on duplicates and replicates on a regular basis. Quality control reporting from laboratories was not available for review.

Verification of sampling and assaying

Field duplicates, standards and blanks are included on an approximate 1 in 20 basis (5%) with all Crescent drill samples submitted for assay.

Drilling has verified the drill results of previous explorers.

Location of data points

All drill holes used for the resource have been surveyed on AMG co-ordinates as well as local grids for easting, northing and reduced level. Downhole sampling measurements have been carried out to accepted industry standards. Downhole surveys have been conducted on all diamond drill holes and selected RC holes. Variation in the azimuth of the holes is generally insignificant and appears to have no measurable effect on the resource interpretation. The surveyed collars have been checked by Differential GPS and tied in to the AMG grid.

Data density and distribution

Drilling density varies from 25 by 25m in specific locations to 50 by 50m for the majority of the resources. Although considerable variation in mineralization type and grade has been identified on a local scale this has not materially altered the position of the outlines of the constraining mineralization interpretations.

Orientation of data in relation to geological structure

RC and diamond holes were oriented perpendicular to the structures containing the mineralization where ever possible.

Audits or reviews

Previous owners, Ausmet Resources Limited, carried out a review of sampling and assay techniques and data

ESTIMATION AND REPORTING OF MINERAL RESOURCES – MELROSE

Database integrity

Standard validation techniques have been applied to the data of previous explorers. Approximately 10% of the combined assay database was validated against original assay certificates.

Geological interpretation

Assessment is based on several subvertical to subhorizontal ore zones both as supergene enrichment and in unweathered BIF, sedimentary and intermediate/acidic rocks in a north to west northwest trending sequence with mineralization localised by a network of veins and fractures. The model is based upon similar deposits within the Eastern Goldfields and deposits researched worldwide.

Dimensions

The three deposits at Boundary, Bungara and Stirling cover a strike length of 5 kilometres

Estimation and modelling techniques

Mineralization blocks have been constructed by producing a 3-dimensional block model in Vulcan. This has been integrated with geology as defined from mineralization codes and types. Gold grade has been interpolated into blocks constrained by the mineralization. Calculation utilised inverse distance squared estimation techniques using an ellipse with orientations and search distances based upon semi-variograms and assumed geological controls.

Moisture

The effect of moisture in the resource calculation was not considered. Tonnage calculations were carried out on a dry basis to conform with reported assay results.

Cut-off parameters

High-grade cuts have been used due to the high coefficient of variation of the gold grades and the nature of the mineralization which sometimes indicates nugget effects are present. Each resource area has been assigned an upper cut value based on the mineralized sample population mean (+0.3 g/t) plus twice the Standard Deviation value. A global upper cut of 20 g/t was used for resource reporting. The lower cut-off value at 0.5 g/t Au has been established from natural breaks in the sample population which are consistent with geological interpretations of continuity used for the mineralization outlines.

Mining factors or assumptions

No assumptions were made about mining methods.

Metallurgical factors or assumptions

No assumptions were made about process methods.

Bulk density

Specific gravity has been assigned from empirical data elsewhere in the region and from standard petrographic densities. No records of measurements for Specific Gravity have been located except for those recorded for oxidised mineralisation.

Classification

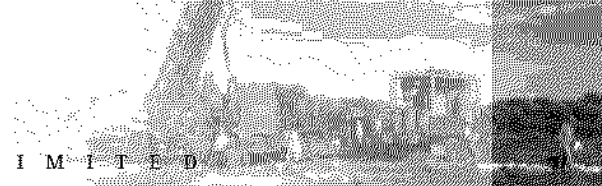
Discussed below. Resources also comply with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC, 1999) and Draft 2004.

Audits or reviews

No independent audits or reviews have been carried out.

Discussion of relative accuracy/confidence

The reported grades, tonnages and contained ounces are rounded to two significant figures in accordance with recommendations of the JORC code.



Classification

Given that the Melrose mineralization is constrained in its geology and overall morphology and that sampling, assaying and descriptive techniques are reliable, the primary consideration when defining resource categories is drill spacing. Categories have been defined as follows:

Measured	Mean drillhole spacing less than 25m x 25m
Indicated	Mean drillhole spacing of 25m x 25m, preferably with some detail at smaller spacing
Inferred	Mean drillhole spacing at or greater than 50m x 50m.

Resource Statement

Melrose Mineral Resources

(above 0.5g/t cut-off)

	Tonnes	Grade g/t Au	Ounces Gold
Measured Resource			
Boundary	684,000	1.36	30,000
Indicated Resource			
Boundary	3,024,000	1.31	127,000
Inferred Resource			
Boundary	900,000	1.56	45,000
Bungarra	1,655,000	1.64	87,000
Stirling	404,000	1.31	17,000
Total Resources	6,667,000	1.43	306,000

The Boundary, Bungarra and Stirling resources have been compiled from unpublished reports by the author who is an independent consultant based in Perth, Western Australia and a Competent Person under the rules of the ASX and the JORC code. This resource calculation has been carried out to normal professional standards and is in accordance with the JORC code (2004).

2.5 CONCLUSIONS AND RECOMMENDATIONS

Further Development of Known Resources

Confidence in the continuity of mineralization was improved in many areas by RC drilling in 1999. While the major controls of mineralization are known, the predictability of high-grade shoots remains low within much of the block model. New areas of possible extension of the mineralized body have been highlighted by drilling, particularly on the eastern limb of the anticline where the BIF units contain wide intercepts of gold mineralization in the 1.5 to 2.5g/t Au range, with true widths of approximately 5 to 15 metres.

The existence of high grade mineralization is encouraging and may translate to future underground mining. This provides the potential for the discovery of ore zones at depth.

In addition a RC drilling program completed in 2004 and drilled at azimuths of 360 and 180 degrees and 60 degree declination into the Boundary resource highlighted the potential for both high grade shoots and bulk low grade mineralization in the area.

Other significant intercepts from the Boundary deposit are included in the following table.

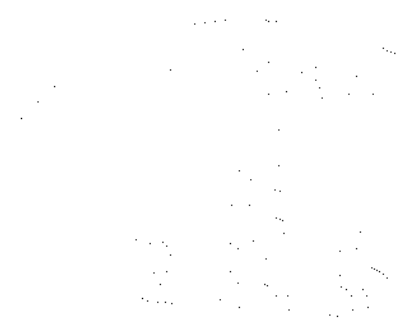
Hole No.	North	East	Azi/Decl.	Intercept
BDRC02	23250	8910	270/-60	5m at 12.34g/t Au from 145m
BDRC03	23275	8925	270/-60	5m at 11.03g/t Au from 120m
BDRC11	23275	8900	270/-60	5m at 9.42g/t Au from 80m
BDRC28	23150	8960	270/-60	3m at 7.19g/t Au from 104m
BDRC35	23250	8930	270/-60	17m at 14.15g/t Au from 153m
BDRC36	23250	8980	270/-60	3m at 13.49g/t Au from 147m
BDRC45	23150	8980	270/-60	2m at 14.53g/t Au from 115m
BDRC58	23225	8885	270/-60	22m at 11.62g/t Au from 90m
BDRC60	23250	8855	270/-60	3m at 44.68g/t Au from 43m
BDRC60	23250	8855	270/-60	3m at 10.11g/t Au from 20m
BDRC61	23250	8890	270/-60	14m at 6.28g/t Au from 77m
BDRC65	23300	9020	270/-60	26m at 1.44g/t Au from 130m
BDRC66	23050	8745	090/-60	6m at 4.04g/t Au from 67m

Similar high grade intercepts were encountered at the Bungarra deposit as follows.

Hole No.	North	East	Azi/Decl.	Intercept
BFRC17	12030	19475	270/-60	2m at 33.80g/t Au from 29m
BFRC22	11960	19550	270/-60	2m at 6.57g/t Au from 30m
BFRC31	11910	19625	270/-60	5m at 6.07g/t Au from 60m

The significance, structural controls and continuity of these high-grade shoots suggest a well mineralized and deep seated system.

A preliminary scoping study incorporating development options for Boundary, Bungarra and Stirling was completed in 2004. This study concluded that through high grading of all resources and limiting pit depth to approximately 50 metres, the resources have the potential to be economically mined. The best outcome was by toll milling of the resources. Because of the preliminary nature of this study, further work needs to be completed. It does however, provide a potential short term development scenario.



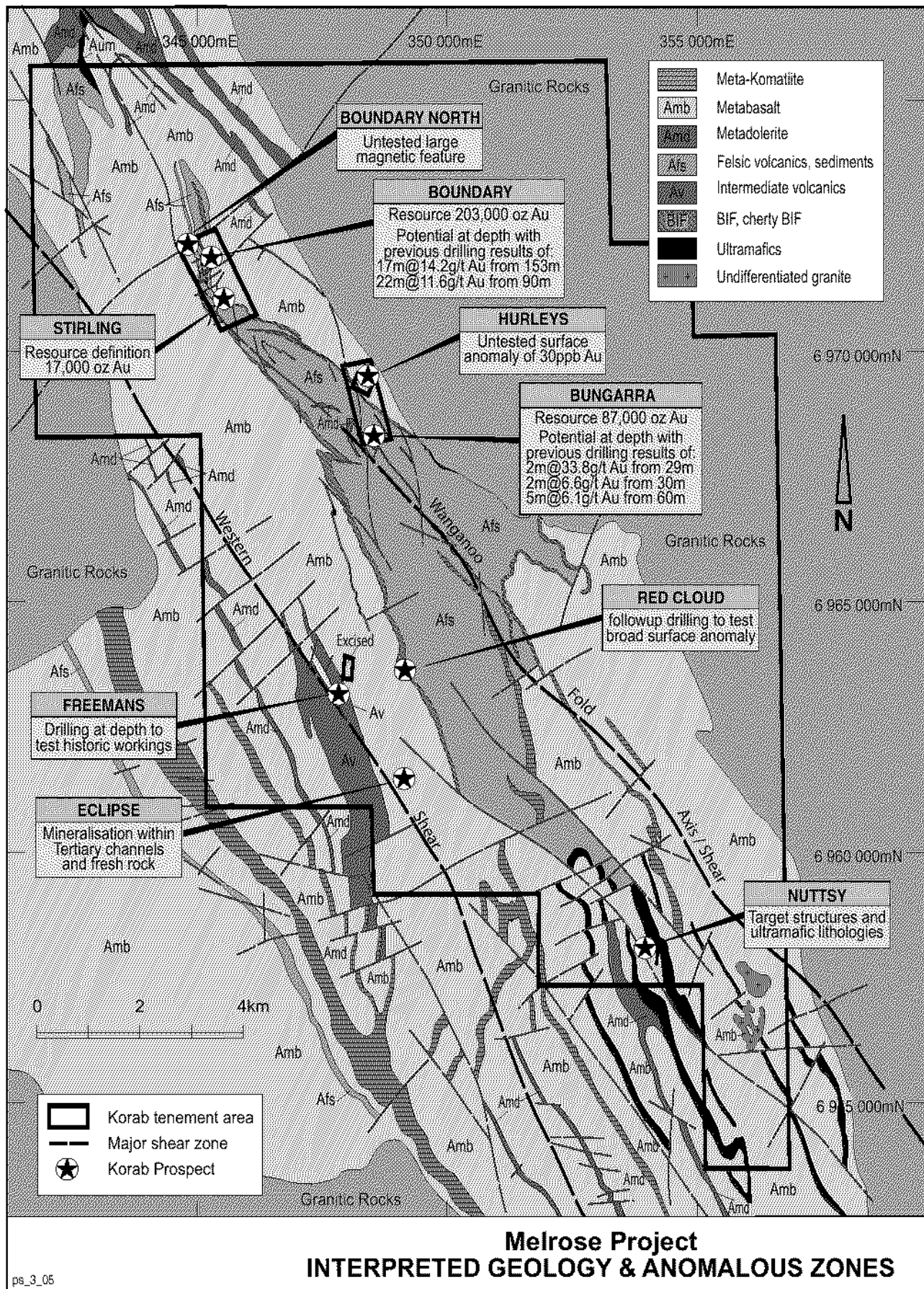
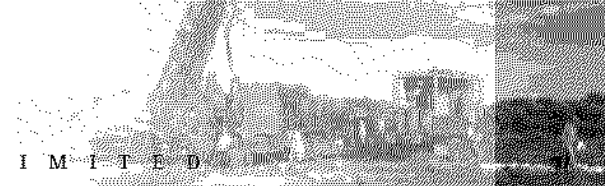


Figure 8



Other Gold Prospects

• Wanganoo Fold Axis Group

Boundary North - Some deep drilling has been completed just north of Boundary, where the BIF fold closure has produced a large magnetic feature isolated by a major northeast fault. An IP survey indicated some chargeable anomalies to be present at depth and surface lag sampling shows weak gold anomalism over the lateritised BIF and felsic volcanics. No potential sources for any of these geophysical or geochemical targets have been tested by drilling to date.

Hurleys Reward - Numerous shafts and other workings exist on this deposit which occurs 1.0km to the north northwest of Bungarra and possibly lies on the same mineralized structure. Similar rock types and mineralization styles to Bungarra are present at Hurleys Reward including a melanocratic granite body with associated high grade narrow quartz pyrite veins.

The granite body occurs against the eastern BIF, which does not appear to host any mineralization from drilling completed in 1988 by Endeavour Minerals.

A surface lag gold anomaly to the north and northeast of Hurleys Reward has not been followed up as yet. This 700 by 500m zone has a peak assay of 30 ppb gold and is coincident with the continuation of the Bungarra - Hurleys Reward fault within tholeiitic basalts.

• Western Shear Zone Group

The Western Shear Zone or Melrose Fault defines the western *granite-greenstone* contact of the Wanganoo Anticline in the northern part of the project. It extends through the south of the project area on a strike of between 120°-140° for a further 20km to Banjiwarn station.

The shear zone contains a number of gold workings, geochemical anomalies and gold prospects. Rock types are predominantly highly sheared basalts, chlorite schists and talc chlorite schist with areas of intercalated BIF and metasediments.

Quartz-feldspar porphyry bodies intrude mafic rocks at Freeman's Find and Red Cloud prospects.

Freeman's Find - The Freeman's Find workings consist of 34 individual shafts or excavations over an area of 600 by 300 metres. The most substantial of these are closely spaced on a 10 degree bearing for 250m. Historical production is 125 ounces of gold, probably mined between 1930 and 1960. Most workings appear to have been sunk on high grade quartz gold reefs along sheared mafic - porphyry contacts. The mafic rocks consist of chlorite schists, basalt, and gabbro with sulphide alteration common. Several quartz-feldspar porphyries appear to intrude the mafic rocks in various orientations. Grab samples of quartz from dumps assay up to 46 g/t gold.

The structure, oriented at approximately 010°, appears to be a linking splay within the 320°-340° shear zone. Shallow drilling by Hill Minerals, City Resources and Julia intersected various mineralized mafic-porphyry contacts in the area. It is considered that deeper drilling has not adequately tested these contacts.

Red Cloud - The Red Cloud gold prospect is 400 metres south east of Freeman's Find and was discovered in 1995 by lag sampling. The prospect is the strongest geochemical gold anomaly found to date and covers an area of approximately 1.6 by 0.5km aligned with the Western Shear. A peak value of 17.5g/t gold in lag was recovered. RAB and RC drilling has intersected at least 3 parallel porphyry bodies intruding basalts in the northern parts of the target zone. These are typically 5-8 metres thick, but pinch and swell along strike and down dip. They have been traced in shallow drilling for 500m towards Freeman's Find.

Contacts exhibit shearing with localized mineralized quartz veining. The porphyries dip at between 50°-80° to the northeast. Previous RC drilling was carried out on a 010° grid, based on the Freeman's Find workings. More recently a 320° grid was established which showed better correlation of results in RAB drilling. No deep drilling of the target has been conducted on the new grid orientation.

Eclipse - The Eclipse gold prospect is located a further 1.6km to the south east of Red Cloud in an area frequently cut by broad and deep palaeochannel deposits. Eclipse was discovered in early 1997 by bottom of hole sampling of shallow Aircore drill holes. A peak 0.5g/t gold interface sample was received from ferruginous saprolite beneath 8 metres of transported cover. Infill Aircore drilling on original east-west 100 metre spaced lines revealed low gold grades in very deeply weathered white felsic clays. Basement rocks are predominantly felsic to intermediate volcanics and intercalated sediments.

The prospect geology is not fully understood, but mineralization is associated (spatially) with a massive sulphide unit, intersected in 3 drill holes to date. Between 10 metres and 14 metres of bleached, extremely altered felsic clays contain up to 80% pyrite. Multi-element assaying shows no other metals to be associated. Peak intercepts to date are 4m at 2.3 g/t gold. The mineralized zone has been traced for 250 metres in drilling, completed on a new 320° degree grid in 1998. An orientation IP Resistivity traverse was carried out and a 200m RC hole drilled. This hole was sited based on the IP data and intersected up to 20% pyrite in volcanics.

The mineralization at Eclipse appears quite widespread within a highly weathered felsic unit. Additional work to prospect for it's source appears warranted. At the same time an evaluation of the area for a possible volcanogenic massive sulphide (VMS) target, based on the high level of pyrite within parts of the felsic unit is justified.

Nuttsy - Located around 4km southeast of Eclipse, the Nuttsy prospect overlies an area of significant faulting within favourable geological units, including potential ultramafics where anomalous nickel values have been located to the south outside the current tenement boundary. Limited sampling has been undertaken over the prospect and much of the area is obscured by sheet wash alluvials.

35

3. DARLOT EAST PROJECT

The mineralized target at the Darlot East Project is similar to the Darlot and Centenary deposits further to the west in similar lithologies and structural setting. Recent geological interpretation of magnetic information has enhanced the understanding of the structural geology of the tenement area. This new structural interpretation includes the identification of potential shallowly dipping, NNW-striking thrust fault in the west of the tenement. This thrust fault is likely to be part of the set of NNW-striking conjugate thrust faults hosting the nearby Centenary gold deposit.

3.1 LOCATION ACCESS AND TENURE

The Darlot East Project is located about 120 km north of Leonora and comprises two neighbouring Prospecting Licences (P37/4772 and P37/4773) with a combined area of 365 hectares. The southern tenement, Prospecting Licence P37/4773, is situated approximately 4 km east of the Darlot Mine open pit mine site and 3.4 km east of the underground Centenary mine.

Access from Leonora is north via the Leonora-Leinster road and then along the unsealed Bundarra-Melrose and Melrose-Banjawarrn roads. Access within the project area is limited to minor tracks and cross-country traversing, necessitating the use of a four wheel drive vehicle.

Darlot East Tenement Schedule

Tenement	Granted	Area	Rent	Commitment
P37/4772	13 Oct 93	177.0Ha	\$330.99	\$7,080
P37/4773	13 Oct 93	188.0Ha	\$351.56	\$7,520
Total			\$382.55	\$14,600

3.2 REGIONAL SETTING

The Darlot East Project area is located at the southern end of the NNW-striking Yandal Greenstone Belt within the Eastern Goldfields Province. The main lithologies in this region comprise a series of dolerites and basalts intercalated with felsic volcano-sedimentary units and intruded by large granite plutons to the east and west and by cross-cutting ultramafic and mafic bodies.

The region is characterized by a series of NNW-striking anticlinal/synclinal folds and NNW-striking faults. The Darlot East tenements are located on the eastern limb of a NNW-striking syncline; the same syncline hosts the Darlot mine and Centenary deposit in its western limb. The location of the Darlot East project in the same stratigraphic and structural position (on the opposite fold limb) as the Darlot mine provides an excellent target for exploration for structurally controlled deposits that formed synchronously with the Darlot deposit. This deposit is hosted by mafic and felsic volcanics that occur in the western part of the tenement. The lithology contacts have been re-interpreted using magnetic data and indicate the location of prospective areas within the tenement.

Many of the NNW-striking faults are probably shallow dipping thrusts developed simultaneously with granite emplacement. The Centenary deposit is hosted by a NNW-striking, SW dipping thrust

fault and is interpreted to be part of a conjugate set. This orientation of conjugate mineralized faults in the area provides additional prospective targets.

East-West and NE-SW faults crosscut the dominant NNW fabric. The NNW striking regional fabric is a result of ENE-WSW orientated principal compression. During this phase of deformation, the mafic (and felsic) volcanic lithologies were deformed preferentially to adjacent granitoids, due to competency contrasts, and were squeezed into elongate greenstone belts striking NNW. The younger ultramafic/mafic bodies intrude the E-W and NE-SW faults.

3.3 LOCAL GEOLOGY

Cainozoic cover

The project is situated over an area of higher relief with poorly to moderately defined drainage. A local water divide passes northwards through the tenements splitting the area into two drainage systems. Approximately one third of the prospect is covered by sheet-wash plains of clayey, ferruginous locally gritty, pisolitic, calcareous colluvium and alluvium.

The thickness of this transported and occasionally semi-residual cover rarely exceeds 3 m to 4 m. The remaining area is under an erosional regime with relict laterite/pisolitic ferricrete cover. Despite the relatively bold topographic relief and the erosional regime, outcrops are rare because of thin ferruginous/siliceous/calcareous duricrusts and soils.

Lithologies

Several types of extrusive/intrusive mafic and felsic rocks have been recognised with the dominant lithology being tholeiitic metabasalt. Other rocks include meta-dolerite/gabbro, rhyolite dykes and small intrusives within the greenstone succession. Granitoid rocks outcropping in the eastern part of the project area consist of granodiorite and hornblende quartz monzonite, which are intensely foliated along the contact with metabasalt.

Structural Geology

The Darlot East Project itself covers the major regional Celia Lineament at the junction of two internal granitoids and a greenstone sequence. The current exploration model assumes potential mineralization will be defined by this NW (135 degree) trending regional fault, approximately 400 m west of the granite/greenstone contact identified in the region around the tenement. The interpreted extension of this lineament, which has extensive historical gold workings, crosses the Darlot East Project tenements.

The structure is dominated by the NW trending monzonite/greenstone contact in the NE part of the Darlot East project area and local faults and sheared zones filled with quartz reefs and lensoidal quartz veins. A major sinistral fault with apparent displacement of several hundred metres strikes NNE across the tenements, but its potential for mineralization has yet to be determined.

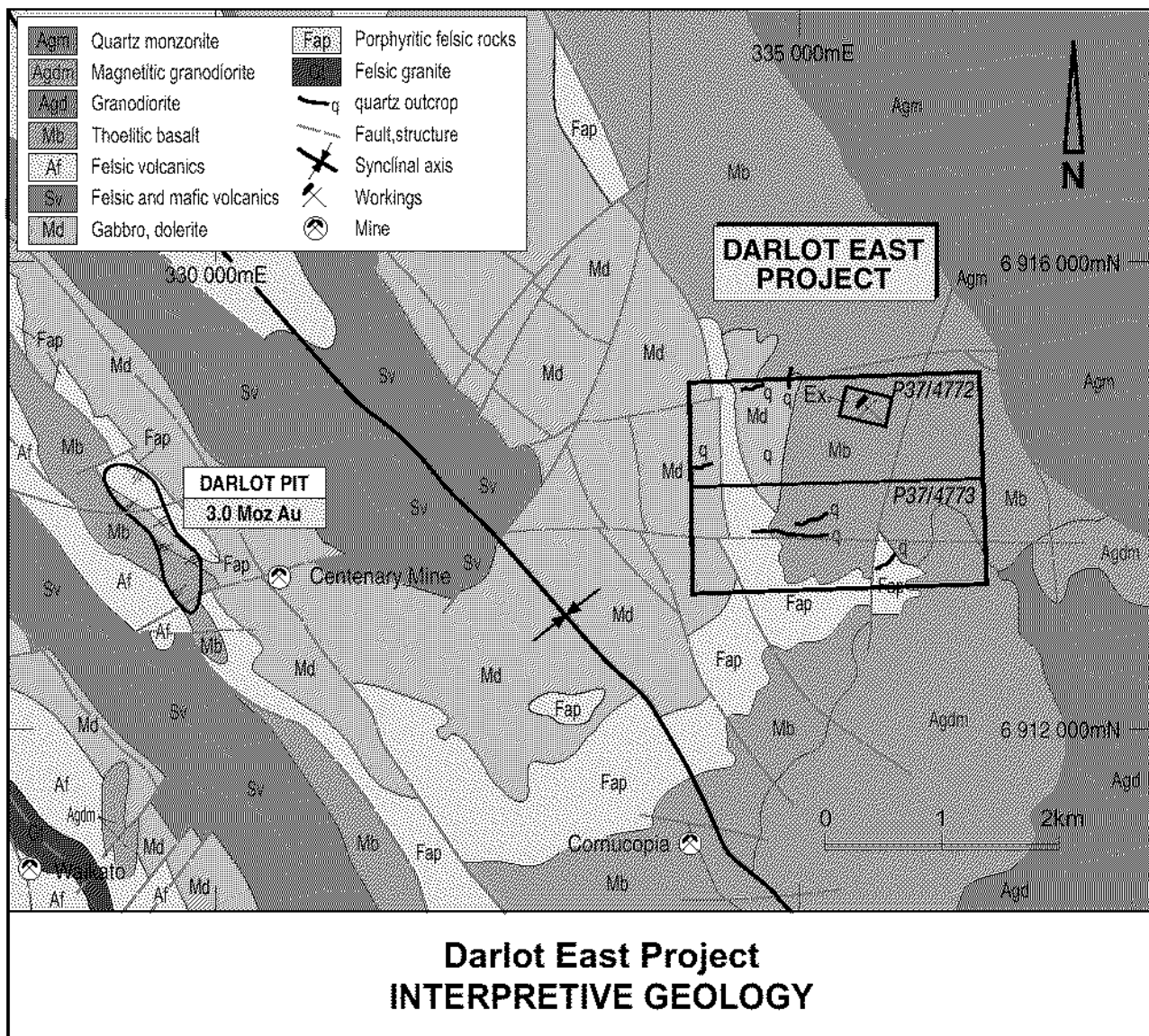


Figure 9

Recent geological interpretation of magnetic information has enhanced the understanding of the structural geology of the tenement area. This new structural interpretation includes the identification of potential shallowly dipping, NNW-striking thrust fault in the west of the tenement. This thrust fault is likely to be part of the set of NNW-striking conjugate thrust faults hosting the nearby Centenary gold deposit. The Centenary deposit consists of sub-horizontal quartz veinlets hosted by dolerite (the unit immediately to the west of the thrust fault identified in the Korab tenements). These sub-horizontal quartz veinlets at Centenary probably opened as tension veins parallel to the sub-horizontal ENE directed regional compression that formed the NNW striking fabric. There is significant potential for such mineralized sub-horizontal quartz veins in the dolerite adjacent to the interpreted thrust fault

in the west of the tenement. At the time of deformation and mineralization this fault might have acted as a conduit for the transportation of mineralising fluids. At the same time, if sub-horizontal fractures formed in the dolerite, they may have provided an area of low fluid pressure into which the hydrothermal fluids would flow forming veinlets similar to the Centenary deposit. The dolerite, which is an iron-rich (mafic) rock would have provided an ideal geo-chemical environment for gold precipitation from such hydrothermal fluids. It is likely that sub-horizontal fractures also formed in the felsic porphyry on the eastern side of the thrust faults, but felsic rocks are chemically less conducive to gold precipitation from hydrothermal fluids. The potential for mineralized veinlets also exists in the felsic porphyry, but the grade of mineralization might be expected to be much less than in the mafic dolerite.

Mineralization

The mineralized target at the Darlot East Project is seen to be similar to the Darlot and Centenary deposit further to the west.

The Darlot gold deposit is hosted in a shallowly northeast-dipping sequence of tholeiitic basalt and felsic volcanic and epiclastic rocks, intruded by an Archaean differentiated dolerite sill and andesite, granodiorite, aplite and lamprophyre dykes. The country rocks have been folded about open, upright, north-northwest-plunging F2 folds, dissected by south-southeast-striking, transpressional, ductile D3 shear zones and east- to northeast dipping D4 brittle-ductile faults, and metamorphosed to greenschist facies grade to produce actinolite-albite-chlorite-dominant mineral assemblages in mafic rocks.

Gold is mostly contained in basalt and magnetite-bearing quartz dolerite, but subordinate economic mineralization is also contained in felsic volcanic and intrusive rocks. Mineralization is associated with 1-4 m thick quartz veins having strike and dip extents of tens to hundreds of metres along moderately-dipping reverse faults, and with sheeted arrays of thinner, shallowly southwest-dipping extensional quartz veins. Some gold occurs in the veins, particularly those in reverse faults, but most is in the proximal alteration zones immediately adjacent to vein margins. This alteration is characterised by the progressive destruction of metamorphic mineral assemblages by chlorite, calcite, ankerite, muscovite, pyrite, albite and quartz.

Gold mineralization also shows a close spatial association with steeply-dipping, broadly northeast-striking, brittle-ductile to brittle D4 faults that cut across, or are constrained between pairs of, moderately-dipping D4 reverse faults, and with suites of andesite, granodiorite, aplite and lamprophyre dykes that are themselves commonly emplaced along the steep faults. The geometry of the system is complex, with several superficially different styles of mineralization, but all styles were broadly contemporaneous, and occurred during late-tectonic (D4) shortening and vertical extension.

3.4 PREVIOUS EXPLORATION AND MINING

3.4.1 Historic Mining and Exploration

No prior mining has taken place on the project area.

3.4.2 Surface Evaluation

Reconnaissance geological mapping and sampling were carried out within the project area by earlier explorers. The mapping indicates that most of the area is covered by a thin blanket of soil with ferruginous scree of basalt and andesite. Laterite is locally present with thicknesses up to 3.5 metres. Calcrete is visible in most places, especially as filling of joint planes, fractures and cracks in the rocks. Outcrops are rather scarce. The basalts and andesites show at a few places faint contacts with finer grained, siliceous lava flows. The contacts are sub horizontal indicating the absence of intense deformation of the area.

Intrusive rocks are recognized as hornblende gabbro, which occurs in the north western corner. The overlying basalts are locally

metamorphosed into muscovite schists; quartz porphyry pipes.

These pipes occur as clusters and could represent diatremes of a larger intrusive body. Quartz veins, which occur as reefs, dykes or lenticular lenses within fractures or fault zones are present across the whole area of the project area.

The eastern part of the area has been subject to regional faulting, parallel with the Celia lineament. This faulting is strongly indicated by the intensely ferruginized basalts and quartz veins, which show locally a pseudo gossanous structure with hematite, limonite and goethite mineralization.

A soil sampling and rockchip sampling program was completed in December 1989. The highest values were 6.91 g/t Au and 1.79 g/t Au, both from rock chip samples. The highest soil sample was 19 ppb Au, all the other soil samples were < 2 ppb.

A total of 43 rock chip samples were collected in February 1990. The results gave high gold values (>1 g/t Au) for 5 samples. Those high values were associated with sulphide rich quartz veins in the central part of the area and with approximately 150 metre long quartz vein system in the south eastern area. This later quartz vein system was exposed in a trench over a length of approximately 80 metres. Anomalous gold values, between 0.1 - 1.0 g/t Au, were recorded in four laterite samples, a micaceous andesite and a quartz sample. The remaining 27 samples returned values of less than 0.01 g/t Au.

Exploration work in the last few years included the collation and compilation of all available geological, aerial photograph and regional magnetic data. These data were assessed and photogeological and regional magnetic data interpretation undertaken in order to establish the exploration model outlined above.

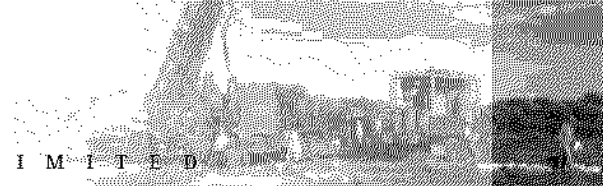
East-west grid lines at a line separation of 200m were re-established and pegged every 50m. Geological mapping was undertaken at a scale of 1:5000 along the grid lines.

A lag survey was completed over the tenements in 2003 on a 200 by 50 metre grid with infill at 50 by 50 metres over anomalous areas. The survey delineated a significant anomaly in a dolerite-basalt contact zone with felsic intrusives associated with structural features. This may represent a similar setting to the Darlot-Centenary deposits. The extent and tenor of the geochemical response is comparable with known economic deposits in the area. Several other anomalies of lower tenor were also identified.

A 68 hole RAB drilling program was completed to follow up the lag sampling on a 50 by 25 metre grid. Two anomalous zones were identified which appear to relate to bedrock mineralization. Assay values were over 100 ppb within an area with background values less than 20 ppb. RAB holes were generally 35 to 55 metres deep with the deepest at 73 metres. Most holes reached bedrock.

3.5 CONCLUSIONS AND RECOMMENDATIONS

The recent program has revealed that exploration should focus on the western portion of the tenement where prospective NNW striking faults have been interpreted and an extension of the felsic volcanic unit is interpreted to extend.



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4. MOUNT ELEPHANT

The Mt. Elephant Project is located in the Ashburton Basin of Western Australia and covers a 12 kilometre thick succession of low grade sedimentary rocks of the Wyloo Group. Reconnaissance soil sampling by previous tenement holders identified slightly elevated values of gold over several traverses across the project area and rock chip samples of gossan outcrops returned isolated high values up to 29 g/t gold and >10% copper. Follow up drilling confirmed that mineralisation was present at depth although no economic intersections were recorded. Recently acquired ASTER images of the area indicate a clear exploration target associated with zones of multiple quartz veining proximal to a number of northwest trending features that warrants further work.

4.1 LOCATION ACCESS AND TENURE

The Mt. Elephant gold and base metal project is located 36 kilometres south southwest of Paraburdoo. It comprises two granted Exploration Licences covering an area of approximately 88.72 square kilometres in the Ashburton Basin of Western Australia.

Mt Elephant Tenement Schedule

Tenement	Granted	Area	Rent	Commitment
E08/1378	20 Nov 03	10bl	\$990	\$20,000
E08/1379	20 Nov 03	18bl	\$1,782	\$20,000
Total			\$2,772	\$40,000

4.2 REGIONAL SETTING

The Ashburton Basin corresponds to the present day outcrop of the Wyloo Group. It comprises a 12 kilometre thick succession of low-grade, metasedimentary and metavolcanic rocks. Previous exploration in the project area has been successful in locating mineralization at the Mt. Elephant gossan, and the Green and East Elephant prospects.

4.3 GEOLOGY AND MINERALIZATION

Soil sampling of the Mt. Elephant gossan and adjacent Ashburton Formation lithologies by Nugold returned subtle anomalies of up to 9 ppb gold. Characteristics indicate that the mineralization is of volcanogenic massive sulphide (VMS) type. Splay faults with a northwest orientation are common and appear to control the bulk of the mineralization located to date.

Ashburton Basin rocks form a broad west-northwest-trending belt in the central part of Turee Creek. Areas of tightly folded mudstone and sandstone give rise to strike-ridge topography of low to moderate relief. Gently undulating hills of low relief occur where folds are open and the proportion of mudstone is high.

4.4 PREVIOUS EXPLORATION

4.4.1 Historical Mining and Early Exploration

No early mining is recorded for the area. Geological mapping and some diamond drilling was completed in the 1970s with further percussion drilling in the 1980s. The highest results from diamond drilling include 3.7 metres at 1.32% copper from 105 metres depth. Rock chip values from the 1980s included 29 g/t gold and 10.1% copper in separate samples.

4.4.2 Surface Evaluation

The principal focus of previous exploration has been evaluation of the Mt. Elephant gossan which is anomalous in copper and gold. Anomalous copper occurs as sediment hosted stratiform copper in grey sandstones over an area of 0.5 square kilometres. Chalcopyrite, surrounded by possible chalcocite or bornite occurs as thin impregnations between quartz grains. Chrysocolla and malachite are typically found in the oxidized zone. The sandstones are intensely altered within the mineralization zone and secondary silicification is present.

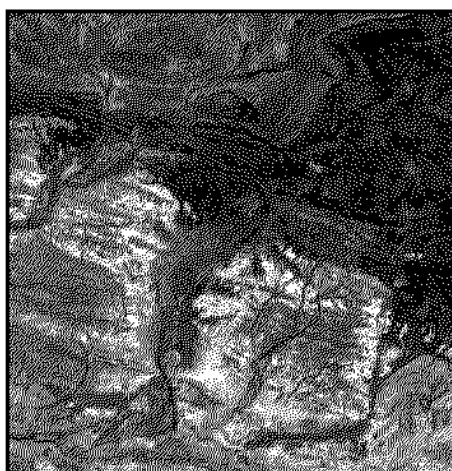


Figure 10.
Portion of ASTER
image used for
target generation.

Several stages of exploration have been carried out in recent years. The Mt. Elephant gossan crops out as a linear ridge 500 metres long and up to 15 metres wide. Rock chip sampling of the gossan has returned results recorded in an earlier section of this report and followup work confirmed the anomalism at a lower level.

At the Green Elephant and East Elephant prospects soil and rock chip sampling have returned results of up to a maximum of 848 ppb gold and 4.58% copper.

4.4.3 Drilling

No recent drilling is recorded at the identified target areas

4.5 CONCLUSIONS AND RECOMMENDATIONS

Approximately 6000 assay results have been collected over the area and should be included in the data review. Additional sampling and ground geophysics would form the basis of an early exploration program. The potential of the structural zones interpreted from the ASTER images should be tested and a systematic evaluation of the quartz stockwork areas should be undertaken for gold potential.

Further exploration will include comprehensive surface sampling and geophysics in preparation for a shallow drilling program over regional targets and possible testing of the main gossan zones at depth.

5. BATCHELOR PROJECT

The **Batchelor Project** is located in the Northern Territory near the town of Batchelor. Archaean basement is exposed in the cores of the Rum Jungle and Waterhouse domes. The Lower Proterozoic sediments, which include the Coomalie Dolomite, dip gently to moderately off the domes and are dominated by siltstones and sandstones with lesser carbonate horizons. The rocks are gently folded about N-S oriented axes and the metamorphic grade is sub-greenschist facies. The sediments are intruded by sills of Zamu Dolerite and, well beyond the project area, by granitoids. The deformation post-dates the intrusion of the granitoids.

The Coomalie Dolomite is an extensive stratigraphic unit of about 500m thickness that drapes around the Rum Jungle and Waterhouse Archaean Domes. It also occurs in the core of an anticline which is located northeast of the Rum Jungle Dome. The presumed Archaean core of this anticline does not breach the surface. The domes have north-south elongate axes and are

aligned in a northeast, en echelon pattern. The Rum Jungle dome is cut by a major structure known as the Giant's Reef fault which is roughly parallel to the alignment of the basement domes.

Regionally, the Pine Creek Geosyncline has been economically productive. Significant deposits have been worked for uranium (U), zinc (Zn), lead (Pb) and gold (Au) (Woodcutters, Rum Jungle) whilst a significant lead, copper (Cu), cobalt (Co) and nickel (Ni) prospect at Brown's is currently the subject of a feasibility study. The uranium, lead/zinc and lead/copper/cobalt/nickel mineralization occur at the same stratigraphic horizon, this being the Whites Formation (Black Shale)/Coomalie Dolomite contact.

Minor gold has been discovered within the Coomalie dolomite near the contact with the overlying Whites Formation. At Sundance, 17,800 tonnes of material containing 10.7g/t Au in oxide and sulphide form was mined and trucked away for treatment. The material was dominantly small to large lumps and boulders, up to 5 m in size, of dark brown hard ferruginous and silicified haematite quartz breccia.

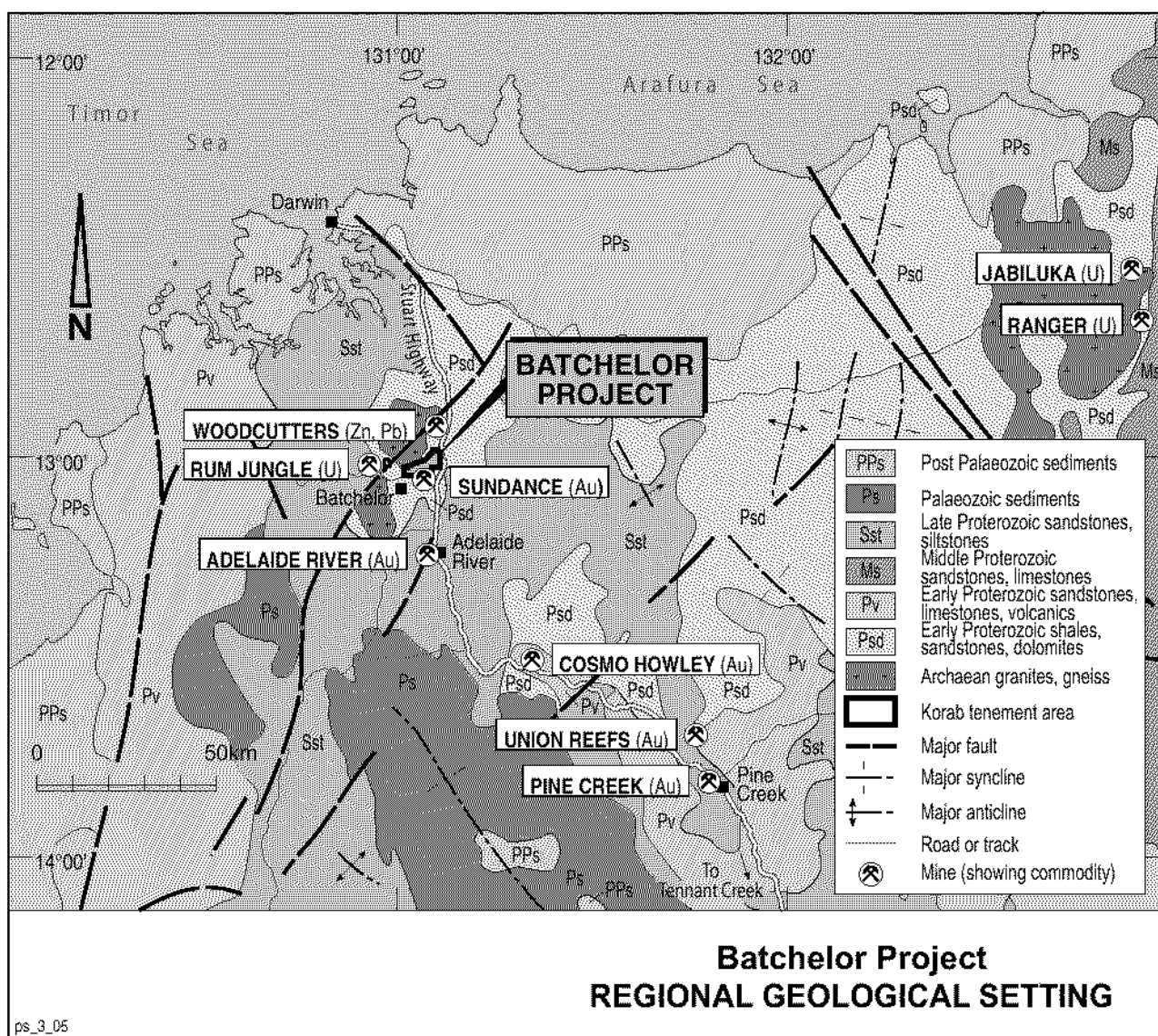


Figure 11

Gold bearing sulphide has been intersected in a similar stratigraphic position to the Sundance Gold Mine at the Sundance East Prospect. This is located 6 km to the east of Sundance. Intersections of 14 m @ 1.88 g/t Au and 12 m @ 2.98 g/t Au have been obtained but follow up drilling completed to date has failed to demonstrate any continuity.

Significant zinc mineralization has been intersected at the White Bomb Prospect which is located 3.5 km southeast of the Winchester magnesite deposit in graphitic siltstones of the Wildman Formation that is significantly higher in the stratigraphy than the Woodcutters deposit. The best intersection to date is 6 m @ 11.7% Zn. The mineralization is reported to be discontinuous.

Prior to 2004 and 2005, most recent exploration has concentrated on the magnesium potential of the Batchelor tenements. Close spaced drilling over the Winchester Resource has outlined an Indicated Resource of 12.2Mt @ 43.1% Magnesium Oxide (MgO) and an Inferred Resource of 4.4Mt @ 43.6% MgO. The resource was considered sufficient for over 25 years production at a rate of 50,000tpa magnesium metal. The project has reached feasibility study stage but is currently dormant due to economic factors.

During 2004 and 2005, exploration was refocused on the zinc, uranium and gold potential of the area. This program included the resampling of many of the holes drilled for magnesite for zinc, lead and gold as well as review of the project area to determine stratigraphic and structural targets. A number of strongly anomalous targets were subsequently developed which require drilling.

The uranium potential was recognized adjacent to the Rum Jungle uranium mine area which includes the same lithologies.

A number of zones with anomalous cobalt values were identified from previous exploration and a program to test these areas with radiometrics and drilling is warranted.

The Batchelor project is considered to be very prospective for uranium mineralization and covers the same stratigraphic contacts that host the Rum Jungle deposits.

5.1 LOCATION ACCESS AND TENURE

The Batchelor Project is covered by 9 granted tenements and 3 applications.

Batchelor Tenement Schedule

Tenement	Granted	Area km ²	Rent	Commitment
EL9253	12 Sept 95	13.64	\$3,168	\$36,000
EL9501	13 Sept 96	2.8	\$704	\$40,000
ERL 134	11 Oct 94	9.74	\$10,648	\$35,000
MLN 512	19 Apr 82	0.2	\$176	
MLN 513	19 Apr 82	0.2	\$176	
MLN 514	19 Apr 82	0.2	\$176	
MLN 515	19 Apr 82	0.2	\$176	
MLN 542	19 Apr 82	0.2	\$176	
MLN 543	19 Apr 82	0.2	\$176	
AN 495	Application	6.8		
AN 515	Application	2.4		
Total			\$15,576	\$111,000

5.2 REGIONAL SETTING

The Batchelor Project is located in the Northern Territory adjacent to and nearby the town of Batchelor. The tenements include the Winchester Magnesite Prospect which has reached feasibility stage for the production of magnesium metal. At this time the project is dormant and will rely on cheaper gas from the Timor Sea to progress.

Korab's primary interest in the area stems from the presence of uranium mineralization and significant polymetallic mines and gold prospects associated with the Coomalie Dolomite unit of the Mt Partridge Group in the Lower Proterozoic Pine Creek Geosyncline. The majority of the mineralization is associated with the contact between the Coomalie Dolomite and the Whites Formation.

Archaean basement is exposed in the cores of the Rum Jungle and Waterhouse domes. The Lower Proterozoic sediments dip gently to moderately off the domes and are dominated by siltstones and sandstones with lesser carbonate horizons. The age of the Pine Creek Geosyncline is constrained between 2470 and 1870 Ma. The rocks are gently folded about N-S oriented axes and the metamorphic grade is sub-greenschist facies. The sediments are intruded by sills of Zamu Dolerite and, well beyond the project area, by granitoids of 1800 - 1850 Ma age. The deformation post-dates the intrusion of the granitoids.

Geophysical data suggest that granitoid rocks are present virtually everywhere in the Pine Creek Geosyncline at a depth of 1 - 5 km. The geophysical data cannot however distinguish between the Archaean basement and the Lower Proterozoic granites.

The Coomalie dolomite is an extensive stratigraphic unit of about 500m thickness that drapes around the Rum Jungle and Waterhouse Archaean Domes. It also occurs in the core of an anticline which is located northeast of the Rum Jungle Dome. The presumed Archaean core of this anticline does not breach the surface. The domes have north-south elongate axes and are aligned in a northeast, en-echelon pattern.

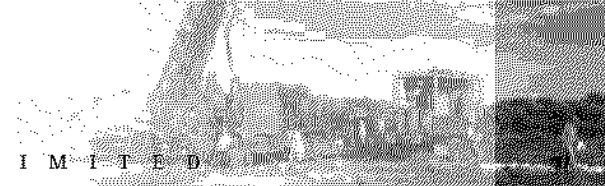
The Rum Jungle dome is cut by a major structure known as the Giant's Reef fault which is roughly parallel to the alignment of the basement domes.

5.3 GEOLOGY AND MINERALIZATION

The contact of the Crater Formation and Coomalie Dolomite is very close to coincident with the Batchelor-Stuart Highway road, which is also the northern boundary between the tenements and the non-aboriginal freehold land. To the north, the Crater Formation outcrops on a low ridge, which slopes to the south onto the flood plain of the Coomalie Creek, also underlain by Coomalie Dolomite.

To the south of Coomalie Creek, the country rises very gently over the White's and Wildman Formations until the prominent ridge of the Acacia Gap Quartzite is reached. In the immediate area of Winchester, lithological strike is 070° and measured dips are between 35°S and 70°S. Average dip is around 60°S.

The Coomalie Dolomite is shown to be 400 m wide in the vicinity of the Winchester prospect but it appears to widen to the east of Winchester. To the west of the Winchester prospect near



Sundance, the dolomite appears to have been disturbed by north-south oriented faulting giving an apparent thickening in the surface expression of the unit.

The Coomalie Dolomite is known to contain extensive magnesite as well as dolomite. The extensive stratigraphic nature of the magnesite investigated to date suggests that it is strongly related to stratigraphy.

Mineralization

Regionally the Pine Creek Geosyncline has been economically productive. Significant deposits have been worked for uranium, zinc/lead and gold whilst a significant lead/copper/Cobalt/Nickel prospect (Brown's) is in the feasibility study phase. The uranium, lead/zinc and lead/copper/cobalt/nickel mineralization occurs at the prospective stratigraphic horizon of the White's Formation (Black Shale)/Coomalie Dolomite contact.

The uranium mines of Rum Jungle; White's, Dyson's and Rum Jungle Creek South, produced 4,543 tonnes of uranium oxide from White's Formation immediately above the Coomalie Dolomite. The White's and Dyson's deposits were located in an area very close to the prominent Giant's Reef Fault where it brings this contact close to the granitic basement. Weak chlorite alteration is associated with the mineralization. The Dyson's and Brown's deposits are at the extremities of a single mineralized system which shows a zonation from uranium mineralization at Dyson's in the northeast through copper and uranium at White's to copper at the Intermediate Pit and continues southwest to the Brown's deposit which contains cobalt, copper, lead and nickel. The southwest end of Brown's also contains zinc.

The dominant style of gold mineralization in the Pine Creek Geosyncline is in the form of gold bearing quartz veins. Some occurrences are within a stockwork of millimetre-thick quartz veinlets; however, most are in quartz veins that range in thickness between 0.5m and 2m. North-South oriented anticlinal hinge zones have played an important role in localisation of ore-bearing veins. These gold deposits are typically located in rocks of the South Alligator and Finnis River Groups which overlie the Mt Partridge Group.

The spatial distribution of the deposits suggest that they are confined to the northwest trending Pine Creek Shear Zone and are within the contact aureole of post-orogenic granites some distance away from the granite-sediment contact.

Gold mineralization has been discovered within the Coomalie Dolomite close to the Winchester Magnesite Prospect. At Sundance, which is contained within the Batchelor Project area, 17,800 tonnes of material averaging 10.7 g/t Au in oxide and sulphide form was mined and trucked away for treatment. The material was dominantly small to large lumps and boulders, up to 5m in size, of dark brown hard ferruginous and silicified haematite quartz breccia. One mushroom shaped body of massive sulphide and oxidised material was mined. It was 25m in diameter and up to 8m thick sitting on a stalk or pipe 7m in diameter of similar material. This mineralization contained up to 930 ppm tin (Sn) in the sulphide material.

Gold bearing sulphide was intersected in a similar stratigraphic position to the Sundance Gold Mine at the Sundance East Prospect, located 6 km to the east of Sundance and also within the Batchelor Project area. Intersections of 14m at 1.88 g/t Au and 12m at 2.98 g/t Au were obtained but follow up drilling apparently failed to demonstrate any continuity to date.

On the southwest margin of the Winchester Prospect, hole MRC-54 intersected 7m at 2.6 g/t Au and MRC-214, located 40m to the north of MRC-54, intersected 7m at 8.8 g/t Au in association with minor disseminated pyrite within magnesite. This drilling was part of the resource drilling program for the Winchester Magnesite deposit and consequently did not properly test the zone. The size of the zone is unknown and it requires further testing. Most importantly, it re-affirms the potential of this stratigraphic position for gold as well as polymetallic mineralization.

The mining of zinc/lead mineralization ceased at the Woodcutters Mine in 1999. The mineralization at Woodcutters was located in shears within the White's Formation close to the Coomalie Dolomite contact - the identical position of the Rum Jungle uranium and polymetallic mineralization. Approximately 6 million tonnes of ore was mined at a grade of 12% zinc & 6% lead. The mineralization is thought to have been of a black shale syngenetic type that had been remobilised. Several polymetallic sulphide bodies occurred as structurally emplaced massive lenses and sheet veins. Their shape and location was influenced by north-south trending faults, dilation zones at cross-faults, and local replacement of carbonate rich units at fault intersections. Mineralization consisted primarily of pyrite, sphalerite and galena. The irregular lenses were up to 400m in length and 25m in width, but were typically 60m to 100m long and 3m to 10m wide.

Within the Batchelor Project area significant zinc mineralization has been intersected at the White Bomb Prospect, which is located 3.5km southeast of Winchester in graphitic siltstones of the Wildman Formation, that is, significantly higher in the stratigraphy than Woodcutters. The best intersection to date is 6 m at 11.7% Zn. Previous exploration suggests the mineralization is apparently discontinuous but follow up work is warranted.

The Brown's Polymetallic Project is situated 7 kilometres north northwest of Batchelor. The Brown's and Brown's East deposit form a major, stratabound polymetallic sulphide deposit over 2 kilometres in length, in excess of 100m wide and open at depth, hosted in Proterozoic graphitic shales. The deposit is located on the northern limb, of a tightly folded synclinal structure, adjacent to the Giant's Reef Fault Zone. Magnesite and dolomite are located adjacent to the deposit.

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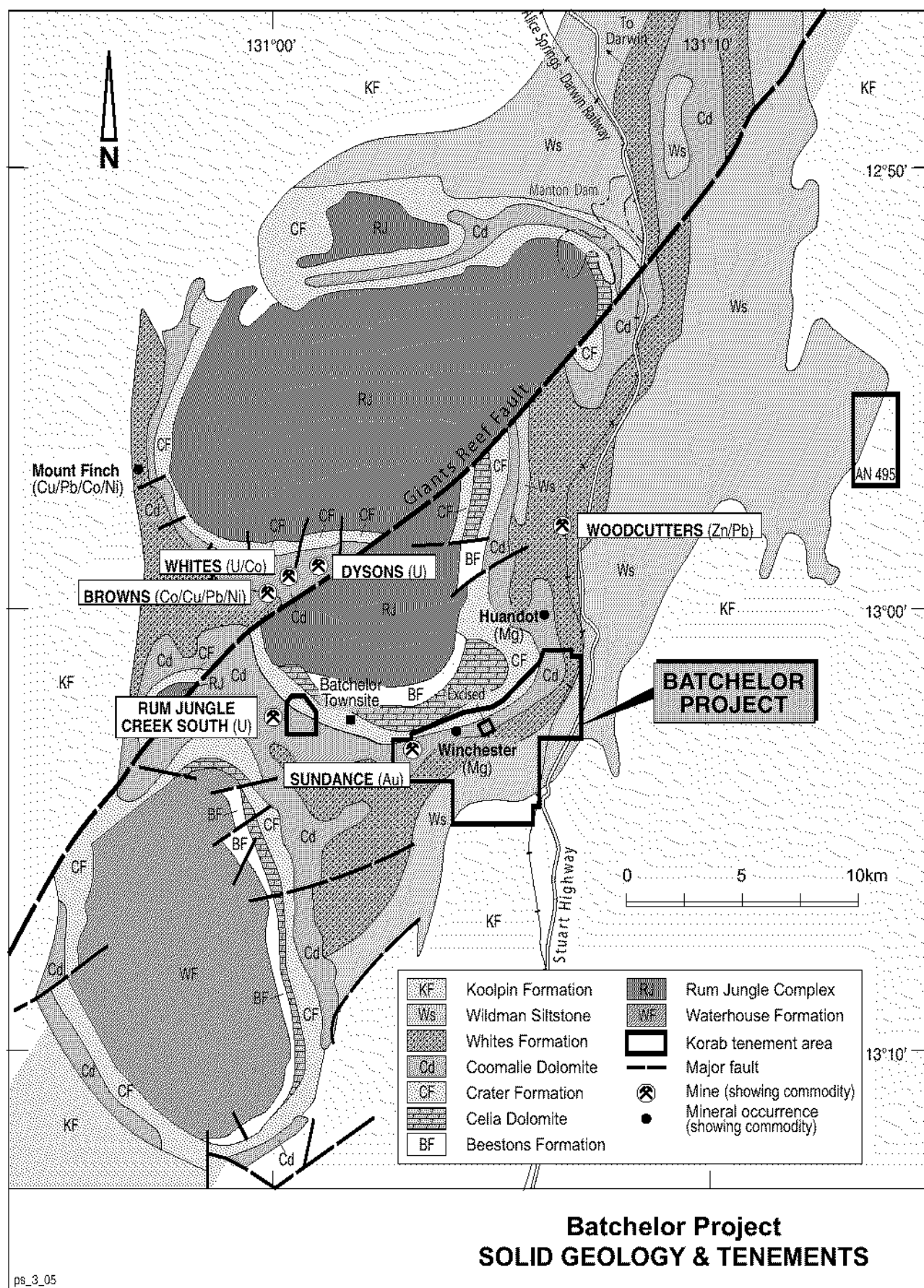
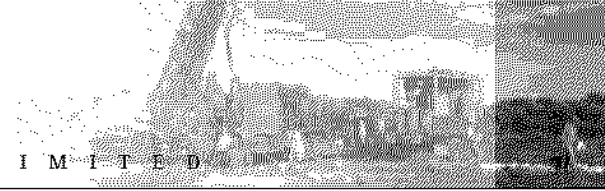


Figure 12



The Brown's Project is located to the northwest of the Batchelor Project area. It is currently in feasibility phase. The resource (all categories) is currently estimated at 38.9Mt at 3.61% Pb, 0.11% Co, 0.44% Cu, 0.09% Ni and 10 g/t Ag. Brown's East contains an Inferred Resource of 30.5Mt at 1.28% Pb, 0.13% Co, 1.29% Cu, 0.13% Ni and 11 g/t Ag. Area 55 contains an Indicated Resource of 12.4Mt at 0.56% Pb, 0.14% Co, 0.49% Cu and 0.14% Ni. Two recent diamond drill holes beneath Brown's intersected high grade lead and copper mineralization, confirming the apparent potential for substantial increases in the total resource base at depth. Woodcutters and Brown's are not included in the Korab tenements.

The Winchester Magnesite Deposit

Korab's primary focus is on the gold and polymetallic potential of the area. However, the tenements contain a significant magnesite deposit at Winchester which has been examined in depth by Mt Grace Resources NL (now New World Alloys Limited) and advanced to the feasibility study stage. It is possible that this deposit will be economically viable in the future depending (amongst other things) on availability of cheaper natural gas from the Timor Sea.

Mt Grace held title over 15 kilometres of prospective magnesite bearing Coomalie Formation near Batchelor. Drilling outlined a high grade zone within a 7.5km by 0.5km area to a depth of 100m. Mineralization is open at depth. Close spaced drilling over the Winchester Resource has outlined an Indicated Resource of 12.2Mt at 43.1% MgO and an Inferred Resource of 4.4Mt at 43.6% MgO. The resource was considered sufficient for over 25 years production at a rate of 50,000tpa magnesium metal.

In October 2000, Mt Grace Resources signed an agreement with Mintek to use the continuous metallothermic process. This replaced the Heggie technology. Mintek uses a silico-thermic DC Arc Furnace reduction technology. The feasibility study indicated that the optimal size for Stage 1 of the plant is a 14MW furnace with an annual capacity of 12,500 tonnes. The estimated capital cost of Stage 1 including mine infrastructure, calciner, 14MW furnace, condenser and necessary ancillaries is \$76M.

Further development will be dependant upon market requirements and changes in commercial factors.

5.4. PREVIOUS EXPLORATION AND MINING

5.4.1 Historic Mining and early Exploration

Stream sediment sampling was completed over large areas north from the Adelaide River. In the Batchelor area limited follow-up of weakly anomalous zones was undertaken. Regional stream sediment sampling with a second follow-up program found four zones of elevated Zn. The area in the Glen Luckie Creek drainage was named the CRY prospect (now known as the Glen Luckie Prospect). The elevated polymetallic levels were thought to be stratigraphically related and absolute levels were considered to be too low to warrant further work.

A regional soil sampling program was completed on a large grid. The soils were analysed for both polymetallics and uranium. This outlined several elevated areas including one with over 900ppm Zn in soil. This locality was referred to as the OXY prospect. Uranium was the main focus of exploration and there is no documented follow-up activity at the OXY locality. This area is now known as the Occidental Prospect.

Very systematic work was completed in evaluating the potential magnesite resource on the Coomalie Dolomite, over the Sundance deposit and the Coomalie/Whites Formation contact.

5.4.2 Surface Evaluation

The Sundance gold prospect was evaluated as part of a regional study. Exploration over Sundance confirmed a strong relationship between quartz-hematite breccias and gold mineralization. The company adopted the Karsting model (infill of irregular solution voids within dolomite) to explain the mineralization. They conducted grid geological mapping followed up by ground radiometrics and magnetics, bulldozer costeaning, auger drilling and geochemical sampling over the area.

South of Sundance, a pyritic zone on the contact between the White's Formation and the Coomalie Dolomite was located. Repeated assays showed no polymetallics were present. Bulldozer costeans were however cut and channel samples from the first trench returned a maximum of 0.45ppm Au. The second trench cut the White's/Coomalie contact with the highest gold grade being 0.25ppm.

In the Glen Luckie area detailed magnetics and radiometrics, geological mapping and rock chip sampling were completed. High lead values were associated with uranium whilst zinc was more clearly associated with polymetallic mineralization. Grid rock chip sampling delineated anomalous zones and the highest polymetallics were around 0.25% Zn, from a BIF unit at the base of the Koolpin Formation. Certain formations in the lower Koolpin Formation are considered to be regionally anomalous as polymetallic targets.

Stream sediment sampling outlined a zone of elevated zinc, but with the exception of a few rock-chips this was unable to be defined. The anomalous drainages are along strike from, and in some cases overlapping, elevated zones from an earlier survey. Extensive rock chip sampling was conducted but failed to detect Zn over 0.2%.

RAB and soil sampling were completed southwest of the Gould Airstrip and ridge and spur soil sampling further to the east. In line with the results of Occidental, they defined coherent lead and zinc bedrock anomalies from RAB drilling and Ridge and Spur soil sampling. These anomalies were thought to have been sourced from concordant and discordant sulphide stringers within the sedimentary sequence.

Broad based soils were conducted over 75% of the area and 10 costeans were cut over elevated gold and polymetallic zones. One zone of gold in soil assayed up to 44ppb. Costeans were only analysed for gold and apart from 1 result of 0.23g/t all results were below 0.04g/t.

White Bomb - Exploration included initial alluvial sampling at Sundance, and trenching at White Bomb and White Bomb East Gossans. No mapping was carried out around the White Bomb East Gossan. A gravity survey was completed at White Bomb with inconclusive results.

Five holes were drilled within the White Bomb anomaly with the best intersection of 6m at 12% Zn and 2% Pb. The first hole was drilled to intersect a gossan which dipped toward the collar. The intersection however was vertically underneath the gossan. Mineralization occurred in a chlorite-carbonate altered sill (30m at 3.4% Zn). The third hole was designed to test mineralization at depth. It was successful and terminated in weakly mineralized siltstone. The fifth hole was drilled underneath the first at depth. Zones were weakly mineralized but not as strongly as in the one above.

White Bomb East - Giants Reef Mining costeanned the occurrence and collected samples in the vicinity and got a maximum value of 2860ppm Zn. White Bomb east mineralization is of similar style to White Bomb in that the mineralization is located within the Wildman Siltstone and with a dolerite mass immediately to the north of the mineralized zone.

Glen Luckie Zn Anomaly - Sampling by Giants Reef returned some anomalous results (2470 and 1190 ppm Pb) but no major mineralization was found. The geochemistry is thought to reflect the mineralized stratigraphy present at White Bomb. Giants Reef recommended soils sampling and more intensive stream sediments.

Occidental Pb-Zn anomaly - The area is covered by a dolerite sill and is thought to be similar to White Bomb on the same stratigraphic horizon. The soil anomaly is thought to continue to the north. However Occidental work only extended to the northern boundary of their tenement. Petrology of the dolerite interpreted it as a vitric tuff.

Hill 133 - Mineralization is thought to be related to quartz veins emplaced along the contact between the Wildman Siltstone and the Zamu Dolerite. An orientation soil line showed that the size fraction was not material for gold but for polymetallics the +80# sample was the most sensitive. An orientation stream sediment program was carried out downstream from the quartz veination. The -200# fraction seemed to give the best results. A gold value of 83ppb was the highest stream sediment assay and the others were below 7ppb.

Rock chips taken from quartz veins in the immediate area are promising whereas costean samples were quite low in comparison. Examination of rock chips across the prospect showed that from the 16 samples taken, 8 were above 0.2ppm Au and 4 were above 1ppm Au. Low results from costean sampling are probably due to the lack of selectivity. The highest costean values were from the centre of the dolerite and not on its margins.

Giants Reef Mining regarded the Sundance East (Coomalie Creek Gossan) prospects as being particularly prospective. The stratigraphic interval containing White Bomb, OXY anomaly and the CRA anomaly may contain a large lead-zinc orebody and consideration should be given to extensive electromagnetic (EM) surveys over the whole area.

As part of a regional survey of the Adelaide River area, the Maureen and Maureen Extended Prospects were discovered. Both prospects are hosted within carbonaceous mudstones, pyritic cherts and dolerite intrusions forming part of the Koolpin Formation. Anomalous gold values were confined to the cherts and adjacent lithologies. At Maureen Extended, tourmaline rich mudstones and quartz veined dolerites were auriferous.

Trenching at both prospects indicated strongly anomalous gold values associated with broad zones of quartz veining and silicification within originally sulphide bearing sediments, tourmalinites and meta-volcanics. 58 Reverse Circulation drill holes were completed which indicated narrow shoots of high grade gold mineralization associated with north-west trending quartz-hematite veining at Maureen. This prospect is contained within Application for Authority (North) 495 which is located approximately 16km northeast of the main Batchelor project area.

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.

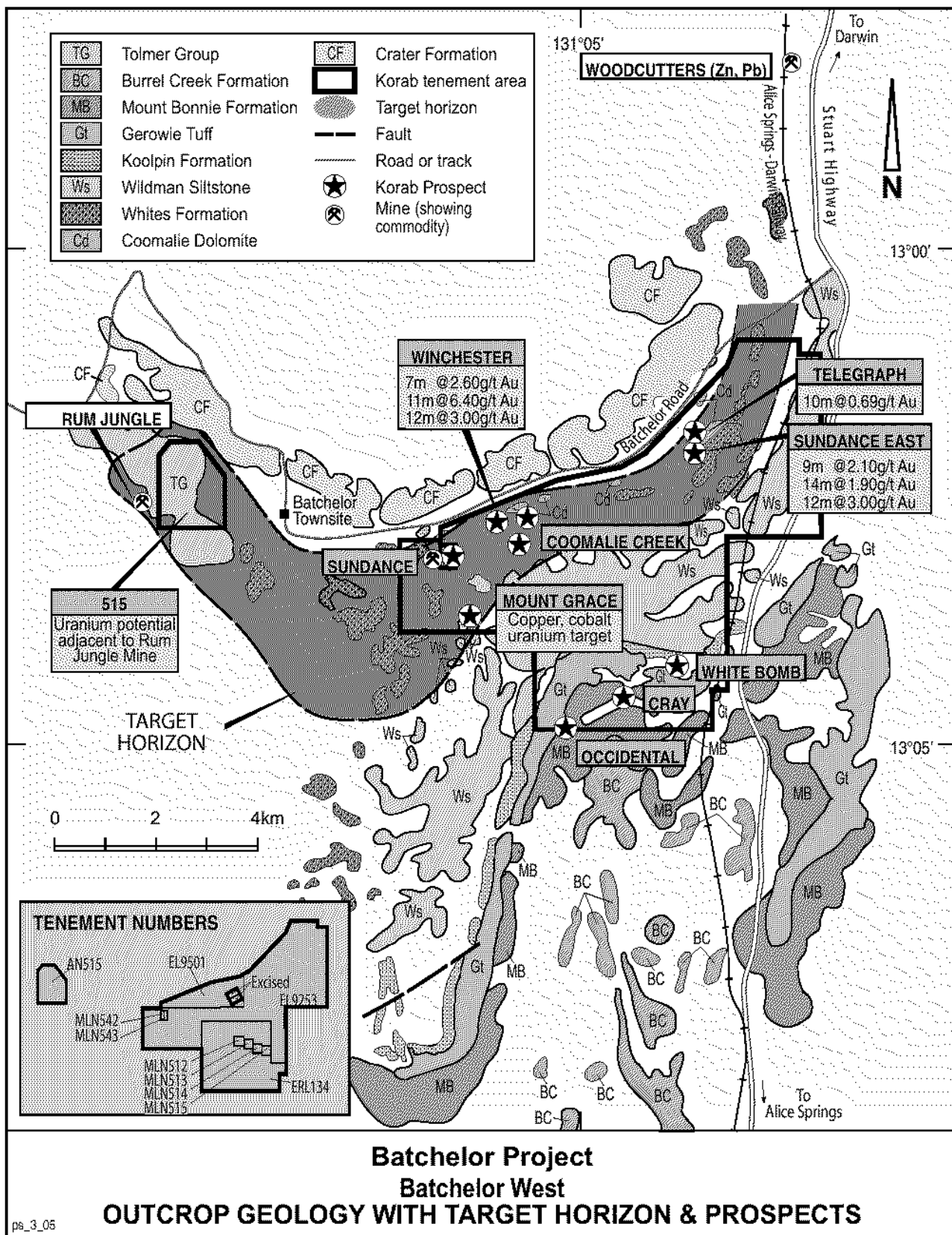


Figure 13

5.5 CONCLUSIONS AND RECOMMENDATIONS

There is a strong stratigraphic control on the absolute levels and distribution of polymetallics in the area of interest. Various exploration techniques have been used over the years in the area to identify polymetallic and gold mineralization in a strongly alkaline environment caused by the presence of the Coomalie Dolomite. As a consequence of the strong alkaline environment the validity of much of the surficial exploration in the vicinity of the Coomalie Dolomite could be questionable.

Rock Chips - Apart from White Bomb all rock chips taken along the Coomalie/White's contact zone returned zinc levels of less than 0.3% (3000ppm). Zinc in rock chips between 1000 and 3000 ppm were confined to the Wildman Siltstone and Koolpin Formations. Outcrop is generally poor in the area so sampling was of limited extent.

Elevated gold was found by the Tanami Joint venture north of the Crater Road. This area is uniformly elevated in terms of gold anomalism and should be investigated. A rock chip of 3.32g/t Au was taken from the Gerowie Tuff in a tributary of the Glen Luckie Creek. The Coomalie Creek Gossan also was rock chipped and found to contain Au >1 ppm.

Stream Sediments - The distribution of zinc in stream sediments seems to be strongly stratigraphically controlled within the Wildman Siltstone and more specifically on the eastern side of the Acacia Quartzite. This appears to be a feature of lithologies that are prospective for diagenetic lead-zinc deposits.

Stream sediment samples analysed for gold have outlined several anomalous drainages in the Gerowie Tuff (Au > 20ppb). These should be investigated as a matter of priority as there does not seem to have been any systematic work in the area. BLEG and stream sediment samples have outlined several areas north of the Crater Road draining the Acacia Gap Quartzite ridge and surrounding Wildman Siltstone.

Soils - The soils reflect the stream sediments in that elevated levels are associated with the Wildman Siltstone.

Geophysics - The airborne radiometrics and magnetics is valuable in defining the structure of the area. Radiometrics shows that there is a large scale south plunging anticline in the vicinity of White Bomb and the Glen Luckie Grid. The anticline doesn't seem to have been faulted. Other zones of folding are seen in the Burrell Creek Formation and the Mount Bonnie Group. Similarly the complex radiometric image to the east of the Stuart Highway is interpreted as a zone of fold interference.

BIF units in the Koolpin formation have an elevated magnetic signature. Similarly zones of Zamu Dolerite on the western side of the Acacia Gap Quartzite probably are present in the magnetic signature.

Gold Related targets

Sundance - The deposit occurs at the contact between the Coomalie Dolomite and Whites Formation. This contact is a favoured locus for mineralization in the region and provides the setting for the lead-zinc-silver deposit at Woodcutters, the

Sundance Gold Mine, the uranium and polymetallic mines at Rum Jungle and a number of other prospects and anomalies.

Sundance was discovered in 1978 by Pancontinental. Boulders of gossanous breccia were found and assays returned values up to 55g/t Au. A small tribute mining operation in 1986 removed 8,500 tonnes at an average grade of 10.1g/t Au and further mining by Giants Reef in 1993 removed 8,030 tonnes at a head grade of 11.2g/t Au.

A number of drill holes were completed by Mt Grace in the exploration for magnesite through the area which produced gold intercepts of 9m at 2.06g/t, 14m at 1.88g/t and 12m at 2.98g/t at Sundance East; 7m at 2.56g/t and 11m at 6.40g/t at Winchester and 12m at 2.73g/t at Sundance South.

These results in the Sundance area remain to be followed up and the results at Winchester are considered strongly anomalous.

Other Areas - Ground investigation of an earlier result of 3.92g/t Au in a tributary of Glen Luckie Creek is warranted. Anomalous drainages in the Gerowie Tuff should be examined. Costeans should be cut along strike from the anomalous area at the Coomalie Creek Gossan depending on rock chip results.

Polymetallic Related Targets

The most advanced polymetallic prospects are Winchester South, White Bomb and Occidental. Of these, the *Winchester South* prospect is considered the most interesting because it is quite close to the Coomalie/Whites contact. Shallow RAB drilling returned values up to 2260ppm Cu and 250ppm Co. Two RC holes were drilled intersecting zones of elevated levels of base metals. The area is structurally complex and further work is necessary.

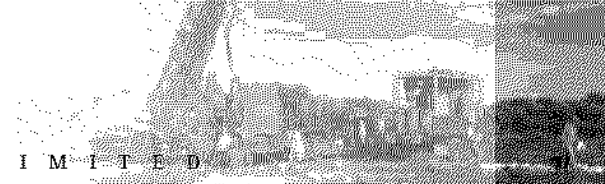
The *White Bomb* prospect has returned some interesting intercepts of lead and zinc including 4m at 10.9% Pb and 6m at 11.7% Zn. There have been 14 holes drilled to date and reinterpretation of the mineralization is necessary prior to further drilling.

The *Occidental* prospect is higher in the stratigraphic sequence than the Coomalie/Whites contact (as is White Bomb). A weakly gossanous horizon carries a few hundred ppm base metals. Three holes have been drilled, two of which returned similar mildly elevated base metal values.

The *Telegraph* prospect was discovered as a result of shallow reconnaissance drilling for magnesite. Results of the re-sampling of the drill chips identified an intersection of 10 metres at 0.69% zinc from 21 metres to the end of the hole. The intersection is open at depth as well as along strike in both directions.

It appears that there has been limited exploration along the contact zone in the eastern half of the Batchelor Project area. This could be the result of the area being largely alluvial covered which would hinder most surficial exploration techniques within the region. Cognisant of the relationship shared by Woodcutters, Rum Jungle and Browns with this contact zone further exploration would appear to be justified.

The presence of uranium mineralization in the Rum Jungle area and within the Batchelor project should not be overlooked. A broad exploration program should be considered for the prospective contact zones.



6. THROSSELL PROJECT

The **Throssell Project** lies at the northeast margin of the Yilgarn Craton and is located 450km northeast of Kalgoorlie. The western edge of the tenements covers a fundamental deep seated fault with a possible displacement of 7000 metres that forms the boundary between the Yilgarn Block and the Officer Basin.

The project includes a strongly anomalous WNW trending magnetic feature which is coincident with several discrete gravity anomalies and structural features. Earlier work indicated the basement rocks are at relatively shallow depth underlying the edge of the Officer Basin.

The presence of deep-seated structures and geophysical anomalies may be indications of zones with potential for gold and polymetallic mineralization. Korab plans to test these zones with drilling and further geophysics to gain a better understanding of the geological environment.

6.1 LOCATION ACCESS AND TENURE

The Throssell Project is covered by 4 tenement applications.

Throssell Tenement Schedule

Tenement	Granted	Area	Rent	Commitment
E38/1648	Application	200km ²		
E38/1649	Application	200km ²		
E38/1650	Application	200km ²		
E38/1651	Application	200km ²		
Total				

6.2 REGIONAL SETTING

The Throssell Project is located on the Throssell 1:250,000 sheet area and lies 420 km northeast of Kalgoorlie. The Laverton-Warburton Road (Canning Stock Route) traverses through the southern and eastern tenements and Lake Throssell lies between the northern and eastern portions.

The eastern edge of the Throssell sheet area covers what is historically thought to be the northeast margin of the Yilgarn Block. In the western half of the sheet area lie Archaean greenstones and granitoids whilst the eastern half outcrop geology is dominated by Proterozoic and Phanerozoic sediments of the Officer Basin.

The Bureau of Mineral Resources completed a series of short seismic traverses along the Laverton - Warburton road during 1972 (Harrison & Zadozonyi, 1972). In addition a number of stratigraphic holes (Jackson et al., 1975) were drilled throughout the Officer Basin to aid the interpretation of the seismic data. This data, combined with available stratigraphic information obtained from Hunt Oil-Placid Oil exploration drilling and mapping in the adjacent Yowalga, Westwood and Roberts 1:250,000 sheet areas, enabled the Geological Survey of Western Australia to produce an interpretation for the eastern portion of the Throssell sheet area (Bunting et al., 1978)

Seismic traverses along the south and eastern side of Lake Throssell suggest that the eastern edge of the Yilgarn Block (which under the BMR study is interpreted to lie on the eastern boundary of the Throssell project area) is a major fault with a downthrow of some 7,000 metres. There is no gravity anomaly associated directly with the inferred fault in this area but this could be due to lack of density contrast between the granitic rocks and the Proterozoic sediments to the east.

A more recent study, including aeromagnetic data by Australian Geological Survey Organisation in 2001 (Whitaker), interpreted the eastern boundary of the Yilgarn Block to be around 60km further to the east.

6.3 GEOLOGY AND MINERALIZATION

The Throssell Project area is covered by Quaternary lake sediments and Aeolian sand, silts and clays, with occasional outcrops of a mix of conglomerates, sandstones and glacial tillites of the Permian Paterson Formation.



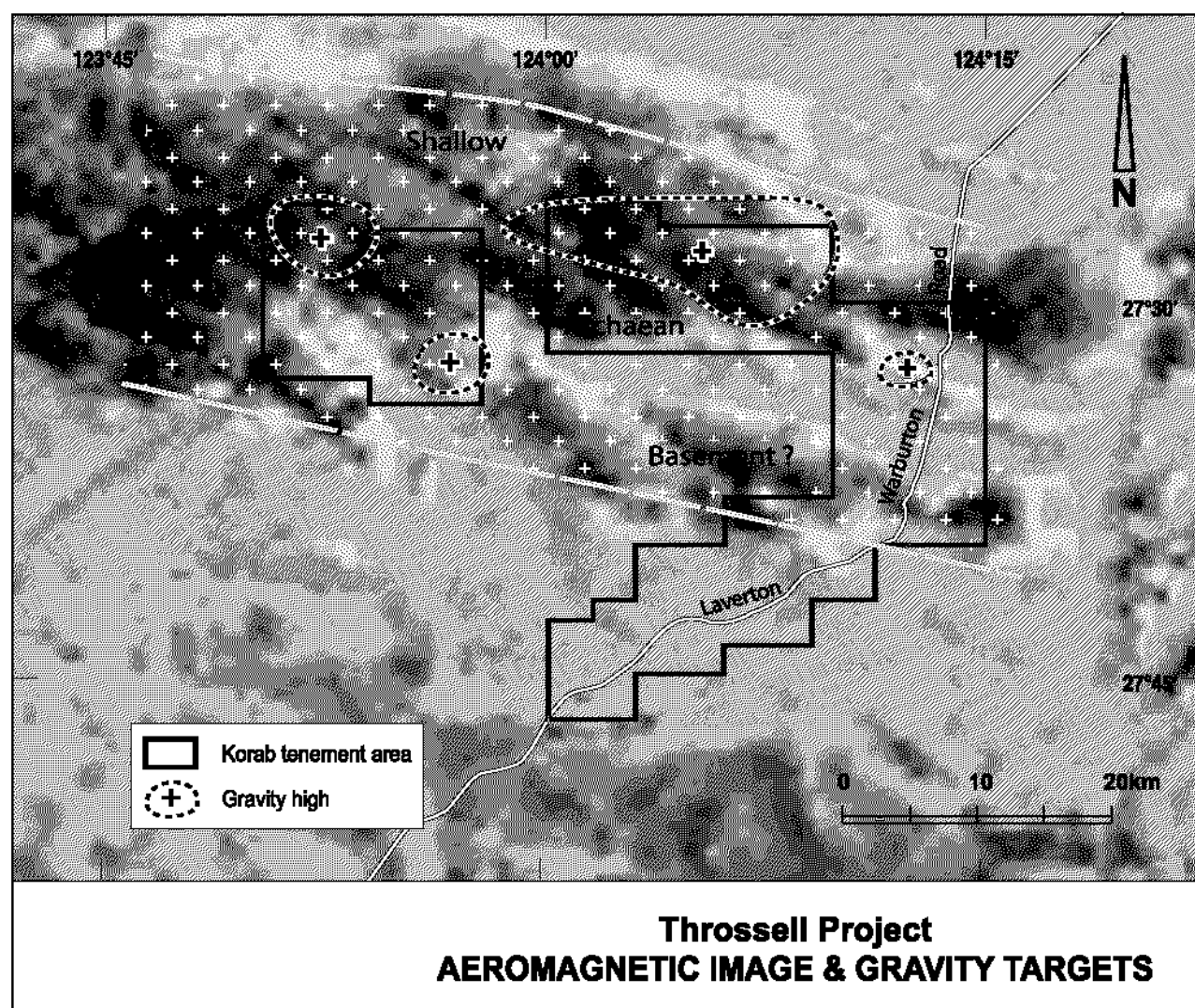


Figure 14

Underlying the project area are a series of strongly magnetic anomalies which trend west northwest, compared to the dominant northerly (about 340°) trend of the Archaean lithologies in the Western half of the sheet area. The area covered by the Korab tenements is historically thought to straddle the eastern boundary of the Yilgarn block although Fraser (1973) considers the Throssell area could be an eastern extension of the Yilgarn Block, underlying the Officer Basin. If this is so then it could represent a new structural domain of the Yilgarn Block, characterized by an east-west rather than north-northwest trend.

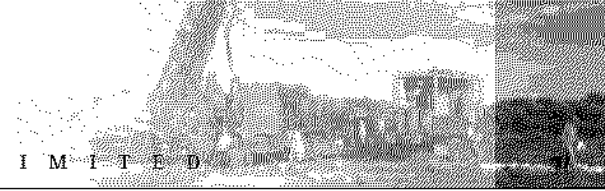
Within the project area, and co-incident with the anomalous west northwest trending magnetic units, are discrete gravity highs recorded from a 1972 BMR survey completed over the Throssell 1:250,000 sheet area. Also co-incident with these magnetic and gravity anomalies are a number of large magnetic structural features which both cross-cut and parallel the magnetic trend.

6.4 PREVIOUS EXPLORATION AND MINING

There has been minimal exploration work completed within the project area.

Drilling was conducted by the BMR in 1972 approximately 20km north northeast of the Throssell Project area, near Buldya Soak. This hole (Throssell) was terminated at a depth of 198.12m and intersected interpreted Cainozoic calcrete and lacustrine deposits to a depth of 101m and then Proterozoic Babbagoola Beds to the end of hole. The Babbagoola Beds are described by Jackson et al. (1975) as a sequence of red siltstone to sandstone and grey, bluish grey and greenish grey well indurated, slightly fissile claystones and siltstone.

The Permian Paterson Formation was interpreted to be approximately 100m thick. This was in turn interpreted to overlie an Upper Proterozoic sequence less than 400m thick, which had seismic velocities between 3,300m/s and 5,700m/s and a Lower Proterozoic sequence with seismic velocities between 6,000m/s and 6,500m/s.



The total thickness of the Proterozoic sequence in the vicinity of shot points 244 to 249 was interpreted to be approximately 8,000m.

Reconnaissance drilling by BHP in 1978 approximately 40 km to the northwest of the Throssell Project area intersected strongly foliated Archaean gneiss at relatively shallow depths of 35-40m indicating a thinning of Permian and Quaternary cover westwards.

Approximately 60 km to the east of the Throssell Project area a drillhole from a 1981 regional drilling program by Occidental intersected Proterozoic sediments at 108m and a single diamond was found in the drill sample from 108 – 114 metres.

In 1998, an area to the immediate east of Lake Throssell was selected by a private syndicate as being potentially prospective for gold mineralization. Ten holes were subsequently drilled adjacent to a section of the Laverton-Warburton Road to test this hypothesis. The area drilled was largely covered by a relatively thin veneer of ferruginous aeolian quartz sands in the south and east and lake sediments in the north and west. Access to other parts of the tenement was limited largely by the Throssell Lake itself and to some degree by sand dune ridges which are part of the Great Victoria Desert.

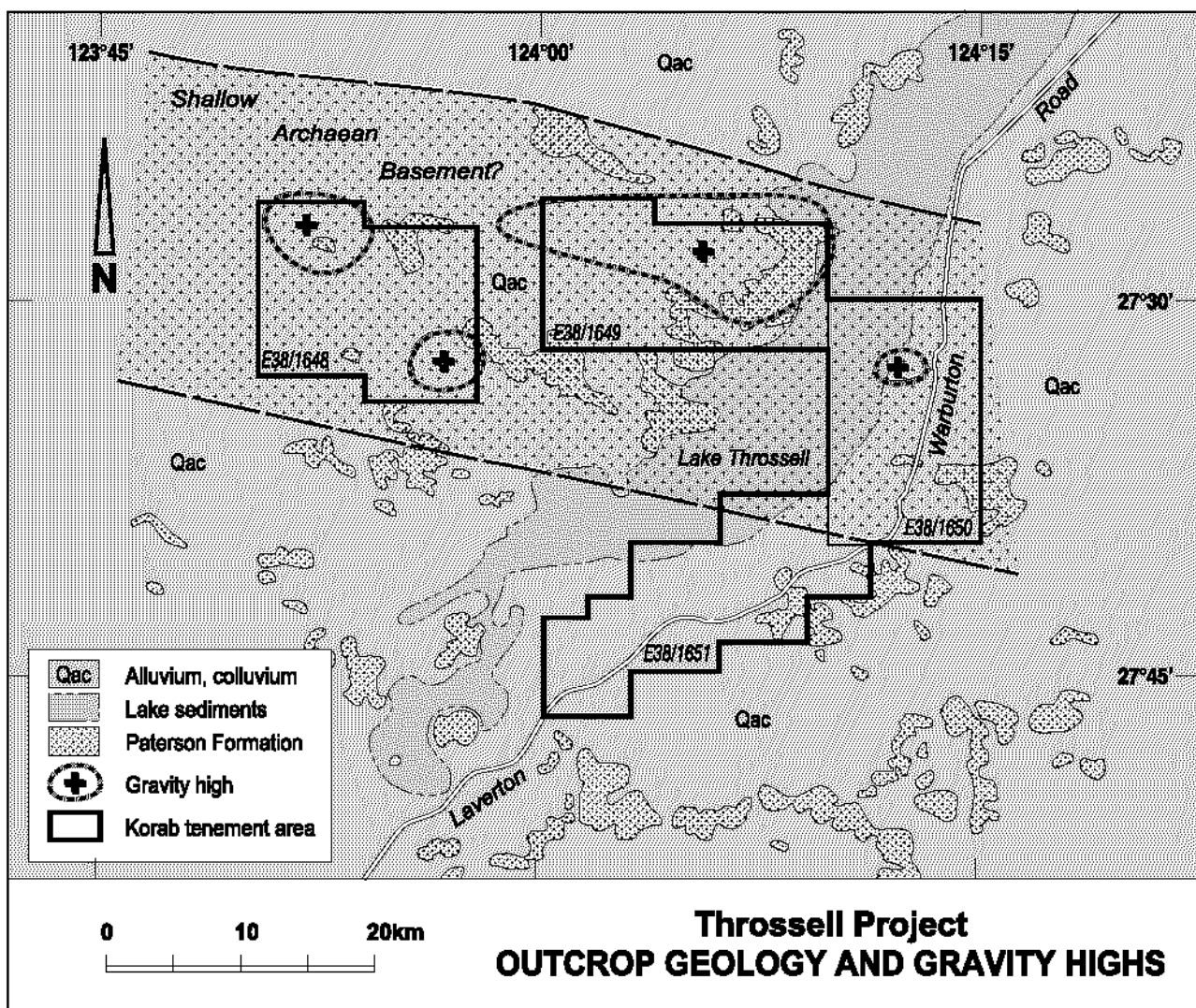


Figure 15

The drilling was initially conducted by reverse circulation which proved to be unsuccessful due to the presence of plastic days within the profile. A subsequent Aircore drilling program was conducted which was more successful but again did not completely fulfil the initial aims of the drilling.

Only two holes attained depths greater than 100 metres and of these, only one is thought to have intersected the Upper Proterozoic sequence. From descriptions of the cored BMR holes drilled throughout the Officer Basin it is possible that one of the holes intersected the same siltstone sequence which was assigned to the Babbagoola Beds in Throssell.

Only one hole reported gold values which were consistently above the lower limit of detection (1 ppb Au). This hole unfortunately was terminated at 27m due to the hardness of the quartz sandstone sequence and so is interpreted to have only tested relatively recent sediments. As the profile has not been subject to significant deep weathering processes, as is evident throughout the Yilgarn Block, it is difficult to determine the significance of these slightly elevated values. Further drilling utilising a 4.5 inch Aircore system, which also has hammer capacity, would be necessary to follow-up these results.

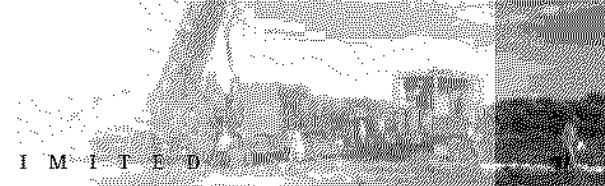
The drilling program failed to test the concept of gold mineralization being present in the area with only one drill reaching interpreted Proterozoic lithologies. This drill hole did indicate however that the depth of cover in the area was much shallower than previously postulated with interpreted Proterozoic intersected at around 112metres.

6.5 CONCLUSIONS AND RECOMMENDATIONS

Most lode gold deposits in the Yilgarn Craton are structurally controlled and related to metamorphic and/or felsic magmatic fluids. Recent evidence for crustal-penetrating shear zones has been presented by Geoscience Australia from deep seismic reflection data in 2001 which appear to be related to major gold mineralising events at Leonora, Laverton and Yamarna.

Within the Throssell Project area, the presence of major faulting with a down-throw of 7000 metres as well as the presence of coincident gravity and magnetic anomalies adjacent to this area of interpreted faulting warrants further investigation for the presence of buried greenstone lithologies.

Such investigation should include detailed geophysics to better define potential targets such as those indicated by the existing gravity and magnetic data. The project area is covered by 100m+ of sediments and therefore drilling will be the most appropriate method of testing these anomalies for the presence of a mineralized system.



7. EXPLORATION & DEVELOPMENT STRATEGY AND BUDGET

Korab has developed an exploration and development strategy that has several aims. The detailed work programs are presented below. They are conceptual in nature and will depend on success to move from one stage to the next. Flexibility in changing the program will be needed as results are received.

7.1 MELROSE PROJECT

The proposed exploration program will include an assessment of the viability of commencing mining operations on higher grade material combined with heap leach operations for the lower grade mineralisation. Exploration will be carried out for further open pit resources at favourable structural sites, particularly where alluvial cover may have prevented effective testing by earlier explorers. This will include exploration of other established gold targets in the tenement area. The potential for VMS (base metal) mineralisation within the felsic units will be examined.

The budget proposed by Korab includes the following elements:

Melrose – Exploration Budget

	Yr 1	Yr2	TOTAL
Data review	\$20,000	\$5,000	\$25,000
Field Sampling	\$15,000	\$5,000	\$20,000
Geophysics	\$10,000	\$5,000	\$15,000
Shallow Drilling	\$95,000	\$65,000	\$160,000
Deep Drilling	\$140,000	\$205,000	\$345,000
Metallurgical Studies	\$40,000	\$70,000	\$110,000
Scoping Studies	\$25,000	\$50,000	\$75,000
	\$345,000	\$405,000	\$750,000

7.2 DARLOT EAST

Proposed exploration at Darlot East will be based on a comprehensive data review followed by RAB or Aircore drilling of the delineated target zones.

The budget proposed by Korab includes the following elements:

Darlot East – Exploration Budget

	Yr 1	Yr2	TOTAL
Data review	\$5,000	\$5,000	\$10,000
Shallow Drilling	\$15,000	\$35,000	\$50,000
	\$20,000	\$40,000	\$60,000

7.3 MT ELEPHANT

Korab plans to undertake a thorough data review of the project area. Additional sampling and ground geophysics will be included in a followup program. The potential of the structural zones interpreted from the ASTER images will be tested and a systematic evaluation of the quartz stockwork areas will be undertaken for gold potential.

Mt Elephant – Exploration Budget

	Yr 1	Yr2	TOTAL
Data review	\$10,000	\$5,000	\$15,000
Field Sampling	\$25,000	\$5,000	\$30,000
Geophysics	\$15,000	\$20,000	\$35,000
Shallow Drilling	\$50,000	\$35,000	\$85,000
Deep Drilling	\$50,000	\$145,000	\$195,000
	\$150,000	\$210,000	\$360,000

7.4 BATCHELOR PROJECT

Korab plans to test the favourable lithologies along strike from Rum Jungle for uranium.

It will also test the Coomalie/White's contact zone for the presence of gold and polymetallic mineralisation. This contact is a favoured locus for mineralisation in the region and provides the setting for the Pb-Zn-Ag deposit at Woodcutters, the Sundance gold mine, the uranium and polymetallic mines at Rum Jungle and a number of other prospects and anomalies.

The budget proposed by Korab includes the following elements:

Batchelor – Exploration Budget

	Yr 1	Yr2	TOTAL
Data review	\$10,000	\$5,000	\$15,000
Field Sampling	\$15,000	\$10,000	\$25,000
Geophysics	\$40,000	\$15,000	\$55,000
Shallow Drilling	\$95,000	\$110,000	\$205,000
Deep Drilling	\$60,000	\$85,000	\$145,000
Metallurgical Studies		\$30,000	\$30,000
Scoping Studies		\$20,000	\$20,000
	\$220,000	\$275,000	\$495,000

7.5 THROSSELL PROJECT

Korab has acquired the project area to explore the mineralisation potential of the underlying Proterozoic and Archaean terrain. A focus of the exploration effort will be to test the currently unexplained co-incident magnetic and gravity highs as well as the structural features evident in the basement.

Exploration will consist largely of reconnaissance drilling to test the basement lithologies with concurrent and follow up geophysics (magnetics and radiometrics). Korab recognizes possible similarities between the structure of the Throssell area and other previously explored areas within Australia such as the Gawler Craton.

The budget proposed by Korab includes the following elements:

Throssell – Exploration Budget

	Yr 1	Yr2	TOTAL
Data review	\$5,000	\$5,000	\$10,000
Field Sampling	\$0	\$0	\$0
Geophysics	\$25,000	\$35,000	\$60,000
Deep Drilling	\$120,000	\$145,000	\$265,000
	\$150,000	\$185,000	\$335,000

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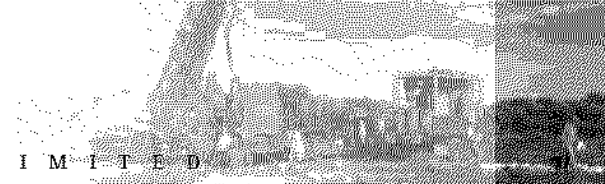
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THROSSELL

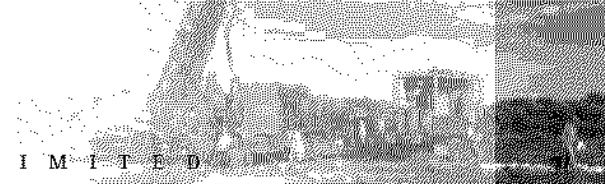
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9. GLOSSARY OF TECHNICAL TERMS

aeolian	Formed or deposited by wind.
aerial photography	Photographs of the earth's surface taken from an aircraft.
aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the earth's magnetic field.
airborne geophysical data	Data pertaining to the physical properties of the earth's crust at or near surface and collected from an aircraft.
aircore	Drilling method employing a drill bit that yields sample material which is delivered to the surface inside the rod string by compressed air.
alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
amphibolite facies	An assemblage of minerals formed at moderate to high temperatures (450°C to 700°C) during regional metamorphism.
andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
anomalies	An area where exploration has revealed results higher than the local background level.
anticline	A fold in the rocks in which strata dip in opposite directions away from the central axis.
antiformal	An anticline-like structure.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
assayed	The testing and quantification metals of interest within a sample.
Au	Chemical symbol for gold.
auger sampling	A drill sampling method using an auger to penetrate upper horizons and obtain a sample from lower in the hole.
axial plane	The plane that intersects the crest or trough of a fold, about which the limbs are more or less symmetrically arranged.
basalts	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
polymetallics	A non-precious metal, usually referring to copper, lead and zinc.
bedrock	Any solid rock underlying unconsolidated material.
BIF	A rock consisting essentially of iron oxides and cherty silica, and possessing a marked banded appearance.
BLEG sampling	Bulk leach extractable gold analysis; an analytical method for accurately determining low levels of gold.
brittle	Rock deformation characterised by brittle fracturing and brecciation.
Cainozoic	An era of geological time spanning the period from 65 million years ago to the present.
carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO ₃ . Essential component of limestones and marbles.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
clays	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
colluvium	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
conduits	The main pathways that facilitate the movement of hydrothermal fluids.
conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
copper	A reddish metallic element, used as an electrical conductor on the basis of brass and bronze.
dacite	An extrusive rock composed mainly of plagioclase, quartz and pyroxene or hornblende or both.
depletion	The lack of gold in the near-surface environment due to leaching processes during weathering.

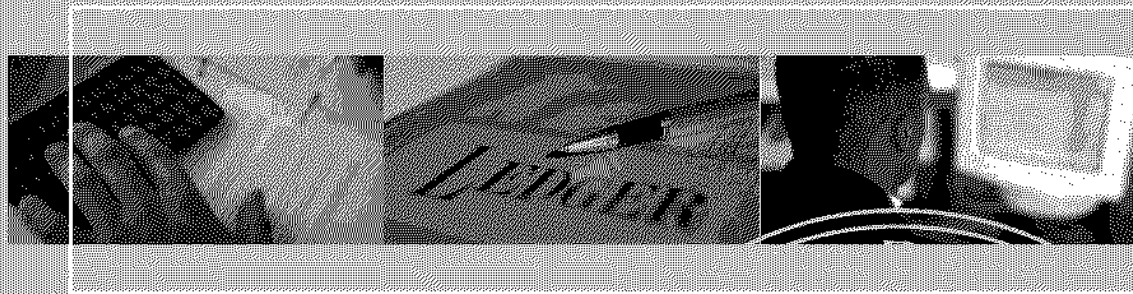
diamond drill hole	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
dilatational	Open space within a rock mass commonly produced in response to folding or faulting.
dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
DolR	Department of Industry and Resources, WA.
ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
en-echelon	Repeating parallel, but offset, occurrences of lenticular bodies such as ore veins.
erosional	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earth's surface.
fault zone	A wide zone of structural dislocation and faulting.
feldspar	A group of rock forming minerals.
felsic	An adjective indicating that a rock contains abundant feldspar and silica.
folding	A term applied to the bending of strata or a planar feature about an axis.
foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
follow-up	A term used to describe more detailed exploration work over targets generated by regional exploration.
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
GIS database	A system devised to present partial data in a series of compatible and interactive layers.
gneissic	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granoblastic	A term describing the texture of a metamorphic rock in which the crystals are of equal size.
granodiorite	A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
greywackes	A sandstone like rock, with grains derived from a dominantly volcanic origin.
GSWA	Geological Survey of Western Australia.
gypsum	Mineral of hydrated, or water-containing, calcium sulphate.
halite	Impure salt deposit formed by evaporation.
hangingwall	The mass of rock above a fault, vein or zone of mineralization.
hematite	Iron oxide mineral, Fe ₂ O ₃ .
hinge zone	A zone along a fold where the curvature is at a maximum.
hydrothermal fluids	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.
igneous	Rocks that have solidified from a magma.
infill	Refers to sampling or drilling undertaken between pre-existing sample points.
insitu	In the natural or original position.
interflow	Refers to the occurrence of other rock types between individual lava flows within a stratigraphic sequence.
intermediate	A rock unit which contains a mix of felsic and mafic minerals.
intrusions	A body of igneous rock which has forced itself into pre-existing rocks.
intrusive contact	The zone around the margins of an intrusive rock.
ironstone	A rock formed by cemented iron oxides.



isoclinal	A series of folds that dip in the same direction at the same angle.
joint venture	A business agreement between two or more commercial entities.
komatiitic	Magnesium-rich mafic to ultramafic extrusive rock.
laterite	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
lead	A metallic element, the heaviest and softest of the common metals.
lineament	A significant linear feature of the earth's crust, usually equating a major fault or shear structure.
lithological contacts	The contacts between different rock types.
lithotypes	Rock types.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
metasedimentary	A rock formed by metamorphism of sedimentary rocks.
MMI	The collection of soil samples and their analysis, using weak extractive reagents, to determine the relative abundance of loosely attached trace elemental ions, which frequently define the position of primary mineralization.
monzogranite	A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase feldspar, but usually with a low quartz content.
Moz	Millions of ounces.
Mt	Million Tonnes.
mylonite	A hard compact rock with a streaky or banded structure produced by extreme granulation of the original rock mass in a fault or thrust zone.
nickel	Silvery-white metal used in alloys.
nickel laterite	Nickel ore hosted within the laterite profile, usually derived from the weathering of olivine-rich ultramafic rocks.
open pit	A mine working or excavation open to the surface.
Orthoimage	A geographically located composite plan using aerial photography as a base.
outcrops	Surface expression of underlying rocks.
palaeochannels	An ancient preserved stream or river.
pegmatite	A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies containing lithium-boron-fluorine-rare earth bearing minerals.
pisolitic	Describes the prevalence of rounded manganese, iron or alumina-rich chemical concretions, frequently comprising the upper portions of a laterite profile.
playa lake	Broad shallow lakes that quickly fill with water and quickly evaporate, characteristic of deserts.
polymictic	Referring to coarse sedimentary rocks, typically conglomerate, containing clasts of many different rock types.
porphyries	Felsic intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.
ppb	Parts per billion; a measure of low level concentration.
Proterozoic	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
pyroxenite	A coarse grained igneous intrusive rock dominated by the mineral pyroxene.
quartz reefs	Old mining term used to describe large quartz veins.
quartzofeldspathic	Compositional term relating to rocks containing abundant quartz and feldspar, commonly applied to metamorphic and sedimentary rocks.
quartzose	Quartz-rich, usually relating to clastic sedimentary rocks.
RAB drilling	A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
rafts	A relatively large block of foreign rock incorporated into an intrusive magma.
RC drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
regolith	The layer of unconsolidated material which overlies or covers insitu basement rock.
residual	Soil and regolith which has not been transported from its point of origin.
resources	Insitu mineral occurrence from which valuable or useful minerals may be recovered.

rhyolite	Fine-grained felsic igneous rock containing high proportion of silica and feldspar.
rock chip sampling	The collection of rock specimens for mineral analysis.
saline	Salty
saprock	Zone of weathered rock preserved within the weathered profile.
saprolite	Disintegrated, in-situ rock, partially decomposed by the chemical and physical processes of oxidation and weathering.
satellite imagery	The images produced by photography of the earth's surface from satellites.
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
screed	The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.
sedimentary	A term describing a rock formed from sediment.
sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
sheared	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
sheet wash	Referring to sediment, usually sand size, deposited over broad areas characterised by sheet flood during storm or rain events. Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silcrete	Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silica	Dioxide of silicon, SiO ₂ , usually found as the various forms of quartz.
sills	Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.
silts	Fine-grained sediments, with a grain size between those of sand and clay.
soil sampling	The collection of soil specimens for mineral analysis.
stocks	A small intrusive mass of igneous rock, usually possessing a circular or elliptical shape in plan view.
strata	Sedimentary rock layers.
stratigraphic	Composition, sequence and correlation of stratified rocks.
stream sediment sampling	The collection of samples of stream sediment with the intention of analysing them for trace elements.
strike	Horizontal direction or trend of a geological structure.
subcrop	Poorly exposed bedrock.
sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralization.
supergene	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
syenite	An intrusive igneous rock composed essentially of alkali feldspar and little or no quartz and ferromagnesian minerals.
syncline	A fold in rocks in which the strata dip inward from both sides towards the axis.
talc	A hydrous magnesium silicate, usually formed due to weathering of magnesium silicate rocks.
tectonic	Pertaining to the forces involved in or the resulting structures of movement in the earth's crust.
tholeiitic	A descriptive term for a basalt with little or no olivine.
thrust fault	A reverse fault or shear that has a low angle inclination to the horizontal.
tremolite	A grey or white metamorphic mica of the amphibole group, usually occurring as bladed crystals or fibrous aggregates.
ultramafic	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
veins	A thin infill of a fissure or crack, commonly bearing quartz.
volcaniclastics	Pertaining to elastic rock containing volcanic material.
volcanics	Formed or derived from a volcano.
zinc	A lustrous, blueish-white metallic element used in many alloys including brass and bronze.

5. INDEPENDENT ACCOUNTANT'S REPORT



**STANTON PARTNERS CORPORATE PTY LTD**

A.C.N 063 036 331

1 HAVELOCK STREET

WEST PERTH 6005

WESTERN AUSTRALIA

TELEPHONE: (08) 9481 3188

FACSIMILE: (08) 9321 1204

e-mail: jvdieren@stanton.com.au

26 April 2005

The Directors
Korab Resources Limited
Level 1,
89 St. George's Terrace
Perth WA 6000

Dear Sirs

RE: INDEPENDENT ACCOUNTANT'S REPORT**1. INTRODUCTION**

This report has been prepared at the request of the Directors of Korab Resources Limited ("Korab" or "the Company") for inclusion in a Prospectus to be dated on or around 26 May 2005 ("the Prospectus") relating to the proposed issue by Korab of 15,000,000 shares to be issued at a price of 20 cents per share to raise a gross \$3,000,000. The minimum subscription has been set at \$2,200,000 (11,000,000 shares).

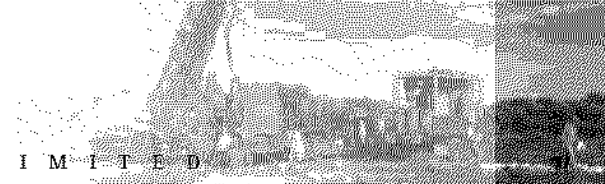
2. BASIS OF PREPARATION

This report has been prepared to provide investors with information on historical results (Statement of Financial Performance), the Statement of Financial Position of Korab and the pro-forma Statement of Financial Position of Korab as noted in Appendix 3. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporations Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stanton Partners Corporate Pty Ltd has not been requested to consider the prospects for Korab, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Stanton Partners Corporate Pty Ltd accordingly, takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 7 of the Prospectus.

3. BACKGROUND

Korab was incorporated on 30 March 1998 and to 30 June 2004 had 21,044,244 shares on issue for a paid up capital of \$258,284. The Company's interest in mineral tenements to recently has been the area known as Darlot East.

In March/April 2005, the Company issued 3,394,412 shares to further seed investors at 10 cent each to raise a gross \$339,441. Also in the same period, the Company issued 122,800 shares as a prepayment of printing services and 438,544 share options were exercised at 1 cent each to raise \$4,354.44. As at 22 April 2005, the number of shares on issue is 25,000,000.



In March 2005, the Company entered into an Option Agreement ("Option Agreement") for the purchase of the Melrose Project (formerly known as Dingo Range) owned by Discovery Capital Limited ("Discovery") and formerly Bounty Industries Limited (then called Ausmet Resources Limited). Under the Option Agreement, Korab has an option to explore for minerals and obtain certain mining information on the tenements known as Melrose before 30 June 2005, although it may be extended to 30 September 2005 by the payment of a further \$30,000. If the option is exercised, Korab acquires the tenements comprising the Melrose Project. Any extension payment will be deducted from the purchase price. If exercised, the purchase price of the tenements will be a deemed \$550,000 made up of \$50,000 cash payment and the issue of 5,000,000 fully paid shares in Korab. The deemed issue price is 10 cents per share, however for accounting purposes the share price may be deemed to be the issue price of shares pursuant to the Prospectus less a discount for escrow. It is common practice to allow for a discount of between 10% and 20% for each year of escrow. As it is assumed that the escrow period will be two years, we have applied a discount of 40% to the 20 cent issue price, so that the accounting issue price for the 5,000,000 shares is 12 cents each. The Option Agreement and the obligations of the parties to it (except the payment of the option fee) are inter-alia subject to Korab receiving Australian Stock Exchange ("ASX") approval for quotation of Korab shares on the ASX prior to the expiration of the option period.

In March 2005, the Company entered into the Batchelor Joint Venture Deed of Novaion and Assignment Agreement (Batchelor Deed). Korab has agreed to take over the obligations of Discovery in relation to the Batchelor Joint Venture. Discovery had originally acquired an interest in the Batchelor Joint Venture in March 2005 from Bounty Industries Limited (who had entered into the joint venture in February 2004). The other party to the Batchelor Joint Venture is Savanna Mineral Resources Pty Ltd, a company controlled by New World Alloys Limited. The Batchelor Deed is inter-alia conditional upon Korab approving quotation of its securities on the ASX. Korab is required to spend \$600,000 over three years to earn a 60% interest in the Batchelor Joint Venture. If the listing approval is not satisfied by the due date, Korab will pay to Discovery as reimbursement pro-rata rent on the tenements the subject of the Batchelor Joint Venture from 7 March 2005 to the expiration of the Melrose Option Period.

In March 2005, the Company entered into the Throssell Joint Venture Agreement with Discovery who had acquired an interest in certain mining tenements (three exploration licence applications) from Bounty Industries Limited in March 2005. Korab will sole fund the first \$500,000 of exploration expenditure within three years from the date ASX approves the quotation of the Company's shares on the ASX to earn a 70% interest in the Throssell Joint Venture.

In April 2005, the Company entered into the Mt Elephant Joint Venture (two exploration licences) with Renaissance Corporation Pty Ltd. Korab will sole fund the first \$500,000 of exploration expenditure within three years of all necessary consents being obtained to earn a 70% interest in the Mt Elephant Joint Venture.

Potential investors should read the Prospectus in full that includes an Independent Geologist's Report and a Solicitor's Report on Mining Tenements. We make no comments as to ownership or values of the mineral tenement and joint venture interests of Korab or of those to be acquired. Further details on all significant contracts entered into by the Company that are relevant to the Prospectus are referred to the Solicitors Report in section 6 of the Prospectus.

4. SCOPE OF EXAMINATION

You have requested Stanton Partners Corporate Pty Ltd to prepare an Independent Accountant's Report on:

- (i) The results of Korab for the period 1 July 2004 to 7 April 2005;
- (ii) The statement of financial position of Korab as at 7 April 2005;
- (iii) The pro-forma statement of financial position of Korab as at 7 April 2005 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3;

All of the financial information referred to above has not been audited, however the financial information has been subject to review by us. The directors of Korab are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

- (i) Discussions with Directors and other key management of Korab;
- (ii) Review of contractual arrangements;
- (iii) A review of publicly available information; and
- (iv) A review of work papers, accounting records and other documents.

5. OPINION

In our opinion, the pro-forma statement of financial position as set out in Appendix 2 presents fairly, the pro-forma statement of financial position of Korab as at 7 April 2005 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. No opinion is expressed on the historical results, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the results of the periods identified. Based on the current information on Korab, the adoption of the International Financial Reports Standards ("IFRS") from 1 January 2005 should have no material effect on the reported results as disclosed in the Statement of Financial Performance or on the reporting of the assets, liabilities and equity as disclosed in the Statements of Financial Position as noted in Appendix 2 and 3 respectively. The main key differences in accounting policies that are expected to arise from adopting IFRS are as follows:

- Income Tax – will adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than accounting for the effects of timing differences between taxable income and accounting profit. The Company currently has tax losses and it is not expected to book a benefit of such losses under IFRS.
- Impairment of Assets – currently assess whether assets are impaired by determining the recoverable amount of the asset on the basis of undiscounted cash flows. IFRS will determine recoverable amount as the higher of fair value less costs to sell and value in use.
- Financial Instruments – Investments available for sale to be measured at fair value with changes in fair value recognised on equity subject to impairment. Investments in marketable securities are to be measured at fair values with changes in fair values recognised in the statement of financial performance as an expense or income. Investments/ financial assets or liabilities carried at fair value through the statement of financial performance.
- Business Combinations – No amortisation of goodwill but an annual impairment testing of goodwill applies.
- Financial Instruments – the issue of shares and options to Directors and executives will need to be valued at fair value and the fair value taken up as a cost (expensed to the statement of financial performance) and the credit to a share and/or option reserve.
- Exploration and Evaluation (effective from 1 January 2006) – The costs of exploration and evaluation may be carried forward as per the Australian Standard in place prior to December 2004 and an impairment test on those assets is required when facts and circumstances indicate that the carrying value of the assets may exceed recoverable amounts. Currently, all exploration and evaluation costs are capitalised.

In our opinion, the Company does not need to have any significant changes to its systems as a result of adopting the IFRS regime. The notes to the 2004/05 financial statements will include a note regarding implementation of IFRS and the financial affect of adoption of IFRS. To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 7 April 2005 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. OTHER MATTERS

At the date of this report, Stanton Partners Corporate Pty Ltd does not have any interest in Korab either directly or indirectly, or in the outcome of the offer. Stanton Partners Corporate Pty Ltd were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stanton Partners Corporate Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

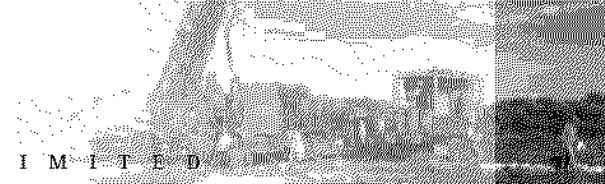
Yours faithfully

STANTON PARTNERS CORPORATE PTY LTD



J P Van Dieren FCA

Director



INDEPENDENT ACCOUNTANT'S REPORT

APPENDIX 1 - UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE

1 July 2004 to 7 April 2005

	\$
Operating Revenue - Interest	252
Preliminary expenses written off	(1,422)
Depreciation	(200)
Operating costs	(24,522)
Net (loss) before tax	(25,892)
Income Tax expense attributable to net loss	-
Net (loss) after tax	(25,892)

INDEPENDENT ACCOUNTANT'S REPORT

APPENDIX 2 - UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited Company 7 April 2005 \$	Pro-forma Unaudited 7 April 2005 \$
Current Assets			
Cash assets	3	196,184	2,948,350
Receivables		2,084	2,084
Prepaid capital raising costs	4	12,280	-
Total Current Assets		210,548	2,950,434
Non Current Assets			
Acquisition expenditure	5	217,720	923,120
Fixed assets	6	655	655
Total Non Current Assets		218,375	923,775
Total Assets		428,923	3,874,209
Current Liabilities			
Payables	7	17,155	-
Total Current Liabilities		17,155	-
Total Liabilities		17,155	-
Net Assets		411,768	3,874,209
Equity			
Contributed equity	68	471,949	3,954,390
Accumulated losses	9	(60,181)	(80,181)
Total Equity		411,768	3,874,209

To be read in conjunction with Appendix 3

INDEPENDENT ACCOUNTANT'S REPORT

APPENDIX 3 - NOTES TO THE STATEMENTS OF FINANCIAL PERFORMANCE AND STATEMENT OF FINANCIAL POSITION

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Statements of Financial Performance and Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated.

(b) Income Tax

The Company adopts the liability method of tax effective accounting, whereby the income tax expense in the Statement of Financial Performance is based on the operating profit before tax adjusted for permanent differences. Future income tax benefits (estimated at 7 April 2005 to be around \$30,000) are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and that the Company will comply with the conditions of deductibility imposed by the law.

(c) Exploration, evaluation and development expenditure

Exploration, evaluation and development costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated acquisition costs written off to the extent that they will not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(d) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(e) Recoverable Amount of Non Current Assets

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

(f) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

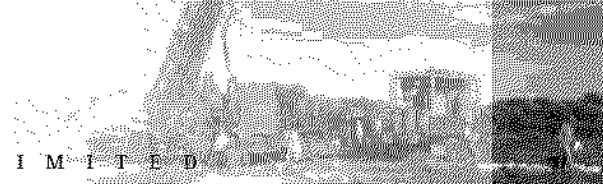
(g) Contributed Equity

Issued capital is recognised at the fair value of the consideration received by the Company. All transaction costs on the issue of shares are recognised directly in equity as a reduction of the share proceeds received.

2. ACTUAL AND PROPOSED TRANSACTIONS TO ARRIVE AT PRO-FORMA UNAUDITED STATEMENT OF FINANCIAL POSITION

Actual and proposed transactions adjusting the 7 April 2005 unaudited Statement of Financial Position of Korab in the unaudited pro-forma Statement of Financial Position of Korab are as follows:

- (a) The payment of an option fee of \$5,000 and the exercise of the option under the Option Agreement regarding Melrose and the payment of \$50,000 and the issue of 5,000,000 shares at an accounting cost of 12 cents each. The accounting cost of \$655,000 has been capitalised;
- (b) The receipt of a further \$142,441 and the issue of a further 1,424,412 shares at 10 cents each to seed investors;
- (c) The signing of the Mt Elephant Joint Venture;
- (d) The issue of 15,000,000 ordinary shares at 20 cents each pursuant to the Prospectus to raise a gross \$3,000,000;
- (e) The payment of accounts payable of \$17,155;
- (f) The payment of further expenses of the public issue estimated at \$247,720 and expensed against contributed equity along with the expensing of prepaid capital raising costs of \$12,280 against contributed equity (total capital raising costs of \$260,000);
- (g) The incurring of further administration costs of say \$20,000 to 31 May 2005; and
- (h) The payment of stamp duty estimated not to exceed \$50,400 and capitalised.



	Note 2	Unaudited 7 April 2005 \$	Unaudited Pro-forma 7 April 2005 \$
3. CASH ASSETS			
The movements in cash at bank are as follows:			
Unaudited 7 April 2005		196,184	196,184
Payments re Melrose	(a)	-	(55,000)
Receipt of funds from investors	(b)	-	142,441
Issue of shares pursuant to the Prospectus	(d)	-	3,000,000
Repayment of payables	(e)	-	(17,155)
Prospectus issue costs	(f)	-	(247,720)
Further administration costs	(g)	-	(20,000)
Stamp duty	(h)	-	(50,400)
		196,184	2,948,350
4. PREPAID CAPITAL RISING COSTS			
Balance as at 7 April 2005		12,280	12,280
Less: Transfer to contributed equity	(f)	-	(12,280)
		12,280	-
5. EXPLORATION EXPENDITURE			
Exploration and evaluation costs		217,720	217,720
Melrose payments	(a)	-	655,000
Stamp duty (estimated)	(h)	-	50,400
		217,720	923,120
The recoverability of exploration, evaluation and acquisition costs capitalised is dependant upon the successful commercialisation of the relevant mineral projects. In the event of the failure to commercialise the projects (by development or sale), the capitalised costs pertaining to the projects may need to be written off.			
6. FIXED ASSETS			
Plant at cost		1,154	1,154
Less: Accumulated depreciation		(499)	(499)
		655	655
7. PAYABLES			
Accounts payable		17,155	17,155
Less: Payment of payables	(e)	-	(17,155)
		17,155	-

	Note 2	Unaudited 7 April 2005 \$	Unaudited Pro-forma 7 April 2005 \$
8. CONTRIBUTED EQUITY			
Share Capital			
23,575,588 shares at 7 April 2005		471,949	471,949
1,424,412 shares at 10 cents each	(b)	-	142,441
5,000,000 Shares at 12 cents each	(a)	-	600,000
15,000,000 shares at 20 cents each	(d)	-	3,000,000
		471,949	4,214,390
Less: share issue costs	(f)	-	(260,000)
Pro-forma (45,000,000 shares)		471,949	3,954,390

In the event that only the minimum subscription of \$2,200,000 is raised, the number of shares decreases by 4,000,000 to 41,000,000, the issued capital decreases to \$3,194,390 (after decreased capital raising costs of say \$40,000) and cash at bank decreases to \$2,188,350.

	Note		
9. ACCUMULATED LOSSES			
Balance 7 April 2005		60,181	60,181
Administration costs	(g)	-	20,000
		60,181	80,181

10. CONTINGENT LIABILITIES AND COMMITMENTS

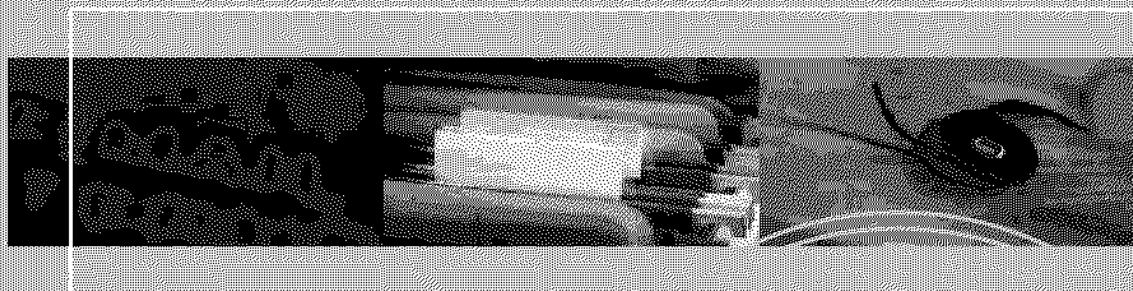
Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no material contingent liabilities not otherwise disclosed in the Prospectus and as referred to in the Background section 3 of this report. Investors should read the Solicitor's Report on title (including native title issues) to the mineral projects and the Independent Geologist's Report for further possible contingencies and commitments. Various tenements may be subject to native title claims. The Company proposes to rent premises once it is listed on the ASX. No commitment has yet been made to lease premises under a contractual arrangement. An arrangement may be entered into with another mineral exploration company to share premises and personnel.

The company has commitments under various joint ventures to spend a total of \$1,600,000 over three years (Batchelor Joint Venture \$600,000, Throssell Joint Venture \$500,000 and Mt Elephant Joint Venture \$500,000).

11. EXPLORATION COMMITMENTS

For details on proposed exploration commitments on mineral tenements, refer to the Independent Geologist's Report in Section 4 of the Prospectus and a summary under section 1.3 of the Prospectus (titled Indicative Exploration, Development and Corporate Budget).

6. SOLICITOR'S REPORT ON TENEMENTS AND MATERIAL CONTRACTS



ANTHONY KIERNAN LL.B

Level 14
 37 St Georges Terrace
 Perth 6000
 Western Australia
 Tel: (61 8) 9323 0999
 Fax: (61 8) 9323 0900
 Mobile: 0418 912 843
 Email: tkiernan@cylawyers.com.au
 ABN 78 017 513 784

19 May 2005

The Directors
 Korab Resources Limited
 Level 1,
 89 St. George's Terrace
 Perth WA 6000

Dear Sirs

SOLICITOR'S REPORT ON MINING TENEMENTS and MATERIAL CONTRACTS

This report has been prepared for inclusion in a prospectus to be issued by Korab Resources Limited ("**the Company**") on or about 23 May 2005 to raise up to \$3,000,000 by the issue of fully paid ordinary shares ("**the Prospectus**").

I have been instructed to provide a report on the mining tenements in which the Company has an interest either in its own right or pursuant to legal contracts with third parties. Details of the relevant mining tenements are listed in Schedule 1 in this Report ("**Schedule of Mining**") and the legal contracts are summarised in Schedule 2 to this Report ("**Summary of Material Contracts**").

Schedules 1 and 2 and the notes to Schedule 1 form part of this Report.

Note that in Schedule 1 a reference to Melrose Metals and Minerals Ltd is a reference to Korab Resources Limited being the former name by which the Company was known.

This Report comprises the following Sections:

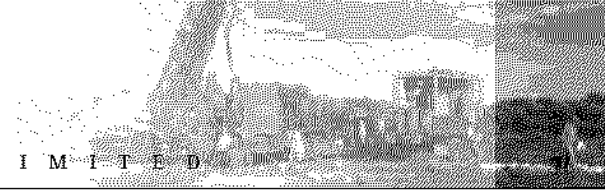
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|-------------------------------------|---|
| 1. Overview | 7. Native Title Claims |
| 2. Searches | 8. Native Title – Validity of Tenement Titles |
| 3. Opinion | 9. Qualifications |
| 4. General information on Tenements | 10. Consent |
| 5. Aboriginal Sites | Schedule 1: Schedule of Mining |
| 6. Native Title legislation | Schedule 2: Summary of Material Contracts |

1. OVERVIEW

In this Report reference is made to granted mining tenements and applications for mining tenements. Unless the context otherwise requires, granted mining tenements and applications for mining tenements will collectively be referred to as "**Tenements**". Schedule 1 shows those mining tenements which have been granted and those which are in the application stage.

As at the date hereof the Company has entered into agreements with Discovery Capital Limited, Savanna Mineral Resources Pty Ltd, New World Alloys Limited and Renaissance Corporation Pty Ltd ("**Material Contracts**"). Under these Material Contracts the Company has acquired or is entitled to acquire interests in various granted mining tenements and applications for mining tenements in Western Australia and the Northern Territory. The Material Contracts are summarised in Schedule 2 to this Report.

In addition to the interests being acquired under the Material Contracts the Company is registered as the owner of various mining tenements and has made application for the grant of other tenements in its own right.



2. SEARCHES

I have or have had by my agent conducted searches of the Tenements in Schedule 1 as follows:

- (a) in the Mineral Titles On-Line System maintained by the Western Australian Department of Industry and Resources ("DIR") on 27 April 2005 in relation to the Tenements in Western Australia;
- (b) in the register maintained by the Northern Territory Department of Business, Industry and Resource Development ("DEBIRD") on 27 April 2005 in relation to the Tenements in the Northern Territory;
- (c) native title "Quick Appraisal" searches of DIR's electronic register and cross checked those against the National Native Title Tribunal's ("NNTT") electronic register in relation to the Tenements in Western Australia on 28 April 2005;
- (d) review of the reports from DEBIRD to determine if any native title claims are registered over the Tenements in the Northern Territory conducted on 8 and 9 March 2005;

Where the Company's rights to acquire an interest in Tenements depends upon a Material Contract, these rights are contingent upon the enforceability of the particular Material Contract and the relevant parties compliance therewith. Schedule 2 is a Summary of Material Contracts. These Material Contracts become relevant because as Schedule 1 shows, the Company is not the registered proprietor as such of most of the Tenements. Its rights therefore depend upon the Material Contracts and the enforceability of the same.

In some instances the Company does not have a direct legal contract with some of the registered proprietors of the Tenements. In this situation I have reviewed registrable Transfers under the appropriate Acts of Western Australia and the Northern Territory to establish the connection between the registered proprietor and the party to whom the Company is in contract with under the Material Contract.

Where Korab is not the registered proprietor it is able to lodge a caveat to protect its interests in relation thereto and I have advised the Company to do so.

3. OPINION

On the basis of the various searches conducted and my review of the Material Contracts, and subject to the enforceability of those Agreements and on the basis of the assumptions and qualifications set out in Sections 3 and 9 of this Report, I consider that this Report and Schedule 1 being the Schedule of Tenements provides an accurate statement in relation to the Tenements as at the dates the various searches were conducted.

I have assumed the information in the registers maintained by the appropriate authorities to which I refer to in this Report is accurate. The references in Schedule 1 to the areas of the Tenements are taken from details shown on DIR's and NNTT's electronic registers. No survey was conducted to verify the accuracy of Tenement areas. I have further assumed that the various parties' seals and signatures on all the Material Contracts

are authentic, and that the Material Contracts are and were within the capacity and powers of those who executed them. I assume that all of the Material Contracts were validly authorised, executed and delivered by and are binding on the parties to them and comprise the entire agreements of the parties to each of them with respect to their respective subject matters.

4. GENERAL INFORMATION ON TENEMENTS

Tenements are in the main located in Western Australia however those relating to Batchelor are in the Northern Territory.

Note that abbreviations are used in relation to the Tenements in Schedule 1 and these are set out at the end of Schedule 1 and for example's sake "E" refers to an Exploration Licence.

Western Australian Tenements:

(a) Mining Lease

A Mining Lease gives the holder the exclusive right to find, extract and dispose of any minerals on the land the subject of that Mining Lease and remains in force for a period of 21 years from the date of grant. The holder has an option to renew for successive periods of 21 years on expiry. In Schedule 1 under "Darlot East", the Company (which is registered under its previous name) has made application to convert the prospecting licences to a mining lease.

The holder of a Mining Lease is required to expend certain amounts upon exploration activities during the term and the failure to do so exposes the Mining Lease to possible forfeiture under the Mining Act (WA).

(b) Exploration Licence

An exploration licence remains in force for a period of 5 years with the appropriate Western Australian Government Minister being able to extend the same for further periods of 1 or 2 years.

The holder of an exploration licence is required to expend certain amounts upon exploration activities during the term and the failure to do so exposes the exploration licence to possible forfeiture under the Mining Act (WA). An exploration licence cannot be assigned during the first year of its term without the prior written consent of the Minister. Subject to the provisions of the Mining Act (WA) and any particular conditions on the licence, the holder of an exploration licence has the right to have granted one or more mining leases over the area within the licence.

Northern Territory Tenements:

The Batchelor Tenements noted on Schedule 1 are within the Northern Territory.

(a) Exploration Licence

An exploration licence is granted for a term not exceeding 6 years and the licensee has an obligation to carry out approved exploration programs and meet minimum expenditure requirements. The licence may be extended for a further period of 2 years but only 2 such extensions are permitted. After the first 2 years the holder of an exploration licence must reduce the licence area so that the number of blocks

therein is not more than half the number of blocks contained in the licence area the previous year. The appropriate Minister may agree to a deferral of such a reduction.

(b) Exploration Retention Licences

The holder of an exploration licence may apply for an exploration retention licence over an area in which an ore body or anomalous zone of possible economic potential has been discovered. An exploration retention licence may be granted for a term of up to 5 years and may be renewed for successive periods not exceeding 5 years. Minimum expenditure requirements are imposed and a security deposit may be required. The holder of an exploration retention licence is entitled to carry out studies that may be necessary to evaluate the development potential of any ore body or anomalous zone of possible economic potential and during the terms of the licence has the right to apply for a mineral lease or mineral claim.

(c) Mineral Lease (Northern)

In the past the Northern Territory has divided mineral provinces into northern, central and southern. The designation mineral lease (northern) or "MLN" is a designation for a mineral lease in the northern region. There is no material effect arising from this historical classification. Mineral leases are granted for the purpose of mining minerals set out in the appropriate lease document and/or for erecting infrastructure in support of a mine. The lease is granted for the length of time specified in the conditions and the Minister may renew for successive terms not exceeding 25 years and the Minister shall not refuse to grant a renewal of a mineral lease except with the approval of the Administrator of the Northern Territory.

(d) Authorisations under Section 178

Under Section 178(1) of the NT Mining Act, the Minister may declare an area of land the subject of a reservation from occupation. This has the effect of prohibiting any application for an exploration licence, exploration retention licence or mining tenement. Lands within towns are generally the subject of a reservation from occupation. Notwithstanding such a prohibition the Minister may (after consultation with the appropriate land owner) authorise a person who had entered into a contract with the Northern Territory the right to occupy and use a defined area of the land for exploration, mining, the treatment or processing or refining of minerals or for any other purpose specified in the authorisation by the Minister and for such periods and such conditions as the Minister may think. I am not aware of any provision of the NT Mining Act that allows or facilitates the sale, transfer, disposal, mortgaging or encumbering of an authorisation granted under Section 178.

Conditions attached to Tenements

The Tenements are granted subject to various conditions which have the force of law and are prescribed by the Mining Acts of Western Australia and the Northern Territory. Conditions include

payment of rent, compliance with minimum expenditure requirements on the Tenements, the provision of security deposits or bonds where necessary and reporting requirements in compliance with the appropriate Acts.

Conditions that apply to one or more of the Tenements include standard environmental conditions. Tenements are also subject to statutory requirements of certain other acts including Aboriginal Heritage legislation, environmental protection legislation and various rights in relation to water legislation.

Encumbrances

Encumbrances, caveats and registered agreements applicable in relation to the Tenements are referred to in Schedule 1 and the Notes thereto.

Material Contracts

Schedule 1 cross references to any applicable Material Contract in relation to the Tenement under the column headed "Notes" and the references to A, B, C, D and/or E is a reference to a particular Material Contract set out in Schedule 2 to this Report.

5. ABORIGINAL SITES

Tenements granted in Western Australia have an endorsement noted thereon drawing the tenement holder's attention to the provisions of the Aboriginal Heritage Act 1972 (WA) ("WA Heritage Act").

The WA Heritage Act protects sites and areas of significance to Aboriginal people and the Minister's consent is required where any use of land is likely to result in the excavation or other alteration of or damage to an aboriginal site or objects on or under that site. An aboriginal site is defined to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent.

Both the Aboriginal Land Rights (Northern Territory) Act 1976 (Commonwealth) and the Northern Territory Aboriginal Sacred Sites Act (NT) define a sacred site as a site that is sacred to Aboriginals or otherwise of significance according to Aboriginal tradition.

There is no requirement for a site to be registered in any public manner or, indeed, be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the WA Heritage Act. Whilst the Aboriginal Affairs Department of Western Australia maintains a register of sites, the WA Heritage Act applies to all aboriginal sites and objects whether or not they are registered thereunder.

The Aboriginal and Torres Strait Islander Heritage Protection Act (1984) (Cth) ("Commonwealth Heritage Protection Act") also affords protection to aboriginal sites in Western Australia and the Northern Territory. This Act allows declarations to be made which protect or preserve objects or areas which are of significance to Aboriginals, whether situated on private or crown land.

Korab will need to ensure that any interference with sites on the Tenements is in strict accordance with the WA Heritage Act, the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth), the Northern Territory Aboriginal Sacred Sites Act (NT) and the Commonwealth Heritage Protection Act.

6. NATIVE TITLE LEGISLATION

On 3 June 1992, the High Court of Australia held in *Mabo -v- Queensland (No. 2)* (1972) 175 Commonwealth Law Reports 1, that the common law of Australia recognises a form of native title.

Native title rights to land will generally be recognised where:

- (i) those making the claim for the native title rights can establish that they have maintained a continuous connection with the land in accordance with their traditional laws and customs since settlement of Australia in the 18th century by the British; and
- (ii) those making the claim can demonstrate or uphold the claim that the native title rights have not been lawfully extinguished.

A claim for native title would not be recognised if the native title has been extinguished:

- by voluntary surrender to the Crown; or
- death of the last survivor of the community entitled to native title; or
- abandonment of the land in question by that community; or
- the granting of a wholly "inconsistent interest" in the land by the Crown.

An example of such an "inconsistent interest" would be the granting of a freehold or some type of exclusive possession leasehold interest in the land.

Before an extinguishment can be lawful that extinguishment must comply with the obligations imposed by the Racial Discrimination Act 1975 (Cth) which is binding on Western Australia and the Northern Territory. Following the *Mabo* decision the Commonwealth Parliament passed the Native Title Act 1993 (Cth) which enabled a State or Territory Parliament to validate mining tenements granted prior to its commencement which might otherwise have been invalid by reason of the Racial Discrimination Act. The Native Title Act 1993 (Cth) was extensively amended by the Native Title Amendment Act 1998 (Cth) (collectively referred to as "NTA"). These amendments included the ability of a State or Territory Parliament to validate any titles which may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996.

The Native Title Amendment Act was in substantial response to the High Court case of *Wik -v- Queensland* which recognised the granting of a pastoral lease did not necessarily extinguish all native title rights.

Native Title legislation is complex and sometimes difficult to follow. The Company needs to be careful in addressing not only heritage issues but native title issues under the various Acts.

7. NATIVE TITLE CLAIMS

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. Once a native title claim has been lodged, the Court will refer the application to the Native Title Registrar. The Native Title Registrar must determine whether the claim meets certain conditions concerning the merits of the claim, and certain procedural and other

requirements set out by the NTA.

If the Native Title Registrar is satisfied the lodged claim meets the registration requirements set out in the Commonwealth Act it will be entered on the Register of Native Title Claims maintained by the National Native Title Tribunal. Claimants of registered claims are afforded certain procedural rights under the Commonwealth Act including the "right to negotiate".

Claims which fail to meet the registration requirements are recorded on the Tribunal's Schedule of Applications Received. Such claims may be entered on the Register of Native Title Claims at a later date if additional information is provided by the claimant that satisfies the registration requirements.

Some of the Tenements relate to land which is currently the subject of one or more registered native title claims. These claims are identified in Schedule 1. If native title is found to exist in relation to a Tenement, its grant will be subject to the procedures under the Commonwealth Act including the "right to negotiate".

In relation to the Native Title claims that have been registered against some of the Tenements noted in Schedule 1, I have not carried out any historical, anthropological or ethnographic work to determine the likelihood of the success of such a claim or whether the claim can be challenged or the possibility of any further claims being made in the future.

8. NATIVE TITLE - VALIDITY OF TENEMENT TITLES

a) *Tenements granted prior to 1 January 1994:*

A mining tenement granted over land before 1 January 1994 other than freehold "exclusive possession" leasehold or vested reserve was an act capable of affecting native title and could have been invalid under the Racial Discrimination Act 1975 (Cth). However the Native Title Act and various State and Territory legislation has validated those mining tenements.

The following Tenements were granted prior to 1 January 1994 and the extent that they may have been invalidated because of native title rights and interests have been validated by the Native Title Act and State or Territory legislation.

Western Australian Tenement:

Holder	Tenement
Julia Gold Pty Ltd	M37/108
Melrose Metals & Minerals Ltd	P37/4772
	P37/4773

Northern Territory Tenements:

Holder	Tenement
Savanna Mineral Resources Pty Ltd	MLN512
	MLN513
	MLN514
	MLN515
	MLN542
	MLN543

b) Tenements granted between 1 January 1994 and 23 December 1996:

The grant of a mining tenement over land other than freehold "exclusive possession" leasehold or vested reserve was an act that is capable of affecting native title and must comply with the future act processes of the Native Title Act.

The State Government and Northern Territory Government granted some mining tenements during the period between 1 January 1994 and 23 December 1996 without complying with the requirements of the NTA meaning there was a risk that some of the Tenements granted during this period may have been invalid. This risk was removed by the 1998 amendments to the NTA (and corresponding State and Territory legislation) so far as the Tenements were granted over land which is the subject of a pastoral lease or other prescribed leasehold land. I am not aware as to whether the Tenements were in fact granted over land which is the subject of a pastoral lease or other prescribed leasehold land.

The following Tenements were granted between 1 January 1994 and 23 December 1996:

Western Australian Tenement:

Holder	Tenement
Julia Gold Pty Ltd	M37/519

Northern Territory Tenements:

Holder	Tenement
Savanna Resources Pty Ltd	EL9253
	EL9501
	ERL134

c) Tenements granted since 23 December 1996:

Mining Tenements granted since 23 December 1996 which affect native title rights and interests will be valid provided that the future act procedures set out in (d) below were followed by the relevant parties. I understand it has been a practice of the Governments of Western Australia and the Northern Territory since 23 December 1996 to comply with those processes subject to certain cases however I have no specific information in relation to this.

The following Tenements were granted since 23 December 1996:

Western Australian Tenement:

Holder	Tenement
Ausmet Resources Limited	E37/794
Deep Yellow Ltd	E37/769
Renaissance Corporation Pty Ltd	E8/1378
	E8/1379

d) Future Tenement Grants:

Any of the current applications for Tenements which may affect native title require compliance with the provisions of the NTA for a valid grant.

The NTA regulates all future actions (which includes the grant of a mining tenement) which affect native title rights. These actions are known as "future acts" which will be valid if it falls within one of a number of categories of land dealings

specified in the NTA provided there is compliance with certain procedural requirements within the NTA.

Therefore if the grant of any of the current application of Tenements affects native title, the grant will be a future act and will be valid only if there has been compliance with the relevant requirements of the NTA.

The following Tenements are current applications:

Western Australian Tenement:

Holder	Tenement
Ausmet Resources Limited	ELA38/1648
	ELA38/1649
	ELA38/1650
	ELA38/1651
Julia Gold Pty Ltd	MLA37/1167
Melrose Metals & Minerals Ltd	MLA37/832

Northern Territory Tenements:

Holder	Tenement
Savanna Resources Pty Ltd	ANA495
	ANA515

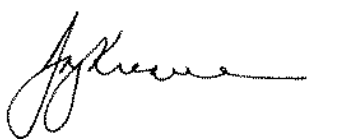
9. QUALIFICATIONS

While the status of the Tenements is dealt with in detail in Schedule 1 and the Notes to Schedule 11:

- have assumed that all searches conducted on my behalf by the departments are complete and accurate as at the time the searches were conducted;
- have assumed that all information or advice, whether oral or written provided to me by the Company, its officers, employees, agents or representatives is accurate and complete;
- in relation to each tenement application I express no opinion as to whether such tenement application will ultimately be granted, (including whether relevant Ministerial consent will be obtained) nor the conditions to which such tenement application may be granted or may not be granted subject to; and
- in relation to native title determinations I do not express an opinion on the merits of any determination.

10. CONSENT

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other purpose or quoted or referred to in any public document or filed with any government body or other person without my prior consent.



Anthony Kiernan

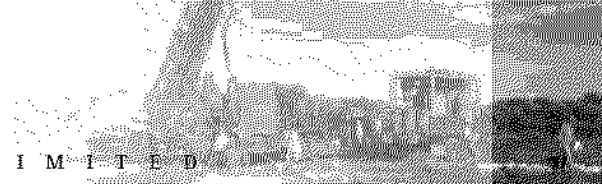
SCHEDULE 1- SCHEDULE OF MINING TENEMENTS

A. WESTERN AUSTRALIAN TENEMENTS

TENEMENT	HOLDER/ APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE \$	ENCUMBRANCES DEALINGS	NOTES	NATIVE TITLE CLAIMS
MELROSE (previously DINGO RANGE)										
E37/769	Deep Yellow Ltd	100	24/09/04	23/09/09	69 Blocks	\$6,831.00	\$62,100	Nil	1, 2, 3, 4, 5, 6, 7 Contracts A & B	WC95/058 (Deregistered) WC96/020 (Deregistered) ARB 13 Goldfields
E37/794	Ausmet Resources Ltd	100	31/03/05	31/03/10	18 Blocks	\$1,782	\$20,000	Nil	Nil Contracts A & B	WC95/058 (Deregistered) WC96/020 (Deregistered) ARB 13 Goldfields
M37/108	Julia Gold Pty Ltd	100	9/07/87	8/07/08	11.04 Ha	\$157.08	\$10,000	Nil	8, 9, 10, 11 Contracts A & B	WC95/058 (Deregistered) WC96/020 (Deregistered) ARB 13 Goldfields
M37/519	Julia Gold Pty Ltd	100	22/08/95	21/8/16	185.28 Ha	\$2,434.74	\$18,600	Nil	1, 2, 3, 4, 5, 7, 8, 10, 12 Contracts A & B	WC95/058 (Deregistered) WC96/020 (Deregistered) ARB 13 Goldfields
MLA37/1167	Julia Gold Pty Ltd	100	(9/04/03)	NA	103 Ha	NA	Not yet required	Nil	Nil Contracts A & B	WC95/058 (Deregistered) WC96/020 (Deregistered) ARB 13 Goldfields
THROSSELL										
ELA38/1648	Ausmet Resources Ltd	100	(8/01/04)	NA	70 Blocks	NA	Not yet required	Nil	Nil Contracts A & D	WC96/020 (Deregistered) WC96/017 Cosmo Newberry WC99/001 Wongatha ARB 11 Central Desert ARB 13 Goldfields
ELA38/1649	Ausmet Resources Ltd	100	(8/01/04)	NA	70 Blocks	NA	Not yet required	Nil	Nil Contracts A & D	WC96/020 (Deregistered) WC96/071 Tjirrkaria Kanpa WC99/001 Wongatha ARB 11 Central Desert
ELA38/1650	Ausmet Resources Ltd	100	(8/01/04)	NA	70 Blocks	NA	Not yet required	Nil	Nil Contracts A & D	WC96/071 Tjirrkaria Kanpa WC99/001 Wongatha ARB 11 Central Desert
ELA38/1651	Ausmet Resources Ltd	100	(8/01/04)	NA	70 Blocks	NA	Not yet required	Nil	Nil Contracts A & D	WC96/071 Tjirrkaria Kanpa WC99/001 Wongatha ARB 11 Central Desert
MT ELEPHANT										
E08/1378	Renaissance Corp Pty Ltd	100	20/11/03	19/11/08	10 Blocks	\$990.00	\$20,000	Nil	1, 2, 3, 4, 5, 6, 7 Contracts A & E	WC98/069 Innawonga WC97/043 Gobawarra Minduarra Yinhanga ARB 11 Central Desert
E08/1379	Renaissance Corp Pty Ltd	100	20/11/03	19/11/08	18 Blocks	\$1,782.00	\$20,000	Nil	1, 2, 3, 4, 5, 6, 7 Contracts A & E	WC98/069 Innawonga WC97/043 Gobawarra Minduarra Yinhanga ARB 11 Central Desert
DARLOT EAST										
P37/4772	Melrose Metals & Minerals Ltd	96	13/10/93	12/10/95	177 Ha	\$330.99	\$7,080	Nil	2, 3, 4, 5, 9, 13, 14	WC95/058 Deregistered WC96/020 Deregistered WC95/001 Deregistered ARB13 Goldfields
P37/4773	Melrose Metals & Minerals Ltd	96	13/10/93	12/10/95	188 Ha	\$351.56	\$7,520	Nil	2, 3, 4, 5, 9, 14	WC95/058 Deregistered WC96/020 Deregistered WC95/001 Deregistered ARB13 Goldfields
MLA37/832	Melrose Metals & Minerals Ltd	96	(9/10/97)	NA	368 Ha	NA	Not yet required	Nil	14	WC95/058 Deregistered WC96/020 Deregistered WC95/001 Deregistered ARB13 Goldfields

B. NORTHERN TERRITORY TENEMENTS

TENEMENT	HOLDER/ APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE \$	ENCUMBRANCES DEALINGS	NOTES	NATIVE TITLE CLAIMS
BACHELOR										
EL 9253	Savanna Mineral Resources Pty Ltd	100	12/09/95	11/09/05	9 Blocks	\$3,168.00	\$36,000.00 pursuant to covenant	A, B, C	Nil Contracts A & C	
EL 9501	Savanna Mineral Resources Pty Ltd	100	12/09/96	12/09/06	2 Blocks	\$704.00	\$40,000.00 pursuant to covenant	A, B, C	Nil Contracts A & C	
ERL 134	Savanna Mineral Resources Pty Ltd	100	11/10/94	10/10/09	971.31 Ha	\$10,648.00	\$35,000.00 pursuant to covenant	A, B, C	Nil Contracts A & C	
MLN 512	Savanna Mineral Resources Pty Ltd	100	19/4/82	31/12/23	16 Ha	\$176.00	NA	A, B, C	Nil Contracts A & C	
MLN 513	Savanna Mineral Resources Pty Ltd	100	19/4/82	31/12/23	16 Ha	\$176.00	NA	A, B, C	Nil Contracts A & C	
MLN 514	Savanna Mineral Resources Pty Ltd	100	19/4/82	31/12/23	16 Ha	\$176.00	NA	A, B, C	Nil Contracts A & C	
MLN 515	Savanna Mineral Resources Pty Ltd	100	19/4/82	31/12/23	16 Ha	\$176.00	NA	A, B, C	Nil Contracts A & C	
MLN 542	Savanna Mineral Resources Pty Ltd	100	19/4/82	31/12/23	15 Ha	\$165.00	NA	A, B, C	Nil Contracts A & C	
MLN 543	Savanna Mineral Resources Pty Ltd	100	19/4/82	31/12/23	15 Ha	\$165.00	NA	A, B, C	Nil Contracts A & C	
ANA 495	Savanna Mineral Resources Pty Ltd	100	(24/11/97)	NA	2 Blocks	NA	Not yet required	C	Nil Contracts A & C	
ANA 515	Savanna Mineral Resources Pty Ltd	100	(19/1/99)	NA	1 Blocks	NA	Not yet required	C	Nil Contracts A & C	



KEY TO TENEMENT SCHEDULE

Western Australian Tenements:

E	Licence
ELA	Exploration Licence Application
M	Mining Lease
MLA	Mining Lease Application
P	Prospecting Licence

Northern Territory Tenements:

ANA	Application for Authorisation Under Section 178 of the Mining Act (Northern Territory)
EL	Exploration Licence (Northern Territory)
ERL	Exploration Retention Licence (Northern Territory)
MLN	Mineral Lease Northern (Northern Territory)

Contracts

A reference to A, B, C, D and/or E in the column of Notes in Schedule 1 is a reference to a Material Contract in Schedule 2 by that letter.

All tenements in Western Australia and in the Northern Territory when issued are subject to standard endorsement and conditions imposed respectively by and (in Western Australia) the Department of Industry and Resources and (in respect of the Northern Territory) the Department of Business, Industry and Resource Development.

NOTES

- The licensee's (being the tenement holder) attention is drawn to the provisions of the Aboriginal Heritage Act, 1972.
- All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe after completion.
- All costeans and other disturbances to the surface of the land made as a result of exploration, including drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the District Mining Engineer. Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the District Mining Engineer.
- All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program.
- Unless the written approval of the District Mining Engineer is first obtained, the use of scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
- The licensee notifying the holder of any underlying pastoral lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airborne geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs, water carting equipment or other mechanised equipment.
- The licensee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of:
 - the grant of the licence; or
 - registration of a transfer introducing a new licensee;
 advise, by registered post, the holder of any underlying pastoral lease details of the grant or transfer.
- Survey.
- Compliance with the provisions of the Aboriginal Heritage Act, 1972 to ensure that no action is taken which would interfere with or damage any Aboriginal site.
- No developmental or productive mining or construction activity being commenced until the tenement holder has submitted a plan of the proposed operations and measures to safeguard the environment to the State Mining Engineer for assessment; and until his written approval has been obtained.
- All topsoil being removed ahead of all mining operations and stockpiled for replacement in accordance with the directions of the District Mining Engineer.
- Mining on any road, road verge or road reserve being confined to below a depth of 15 metres from the natural surface.
- The land the subject of this licence does not include land the subject of Prospecting Licence 37/3561.
- MLA37/832 is a section 49 conversion of P37/4772 & P37/4773. P37/4772 & P37/4773 remain in force until the determination of MLA37/832.

ENCUMBRANCES

- Dealing 6527 (Agreement), lodged 24 February 1997, approved and registered 26 March 1997 between Giants Reef Exploration Pty Ltd, Stanley Exploration Services Pty Ltd and Savanna Mineral Resources Pty Ltd providing for earn-in by Savanna Mineral Resources Pty Ltd and the subsequent formation of the joint venture. Terminated by Dealing 6760 (Agreement).
- Dealing 6760 (Agreement), lodged 30 October 1998 approved and registered 4 November 1998 as between Giants Reef Exploration Pty Ltd, Savanna Mineral Resources Pty Ltd, TC8 Pty Ltd and Stanley Exploration Services Pty Ltd providing for the sale of all remaining interests in the Tenement not held by Savanna Mineral Resources Pty Ltd and held by Giants Reef Exploration Pty Ltd to be transferred to Savanna Mineral Resources Pty Ltd and for the joint venture agreement to be terminated resulting in 100% ownership of the Tenement by Savanna Mineral Resources Pty Ltd.
- Dealing 91998 (Agreement), lodged 10 August 2004 approved and registered 13 August 2004 as between Ausmet Resources Limited, New World Alloys Limited and Savanna Mineral Resources Pty Ltd.

75

SCHEDULE 2

SUMMARY OF MATERIAL CONTRACTS

A. SHORT FORM AGREEMENT

By Agreement made 24 March 2005 as between Discovery Capital Limited ("Discovery") on the one hand and the Company on the other, Discovery agreed:

- (a) to grant the sole and exclusive option to the Company to purchase the Dingo Range Project (and referred to in this Prospectus also as Melrose);
- (b) to assign its interests in the Batchelor Joint Venture to the Company;
- (c) to enter into an exploration and mining joint venture with the Company in relation to the Throssell Project; and
- (d) to assist the Company to enter into the Mt Elephant Joint Venture.

The Short Form Agreement set out the general commercial parameters relating to each of the above transactions which have been now included in more formal and comprehensive documents which are referred to below. Given that the more formal documents will be summarised below, I do not include a summary of those commercial terms in this Part A of the Summary of Material Contracts and refer the reader to the summaries below.

The Short Form Agreement, other than in relation to the Mt Elephant Joint Venture was made subject to:

- (i) shareholders of the Company approving all the transactions contemplated therein;
- (ii) the Company receiving such consents and approvals that may be required under the Mining Act 1978 (WA) and the Batchelor Joint Venture; and
- (iii) Australian Stock Exchange Limited approving quotation of the Company's Securities on the Official List of ASX prior to 30 June 2005 (or prior to 30 September 2005 if the Company elects to extend the Option Period of the Option Agreement on the Melrose Tenements as referred to in Part B of this Schedule 2 by the payment of \$30,000).

I am advised that both the Company and Discovery agreed to waive condition (i) above relating to the approval of the shareholders of the Company.

B. OPTION AGREEMENT ON THE MELROSE (PREVIOUSLY DINGO RANGE) TENEMENTS

The Company has entered into an Option Agreement dated 24 March 2005 with Discovery Capital Limited ("the Grantor") whereby the Grantor granted to the Company:

- (a) the sole and exclusive option ("Option") to purchase free from encumbrances all of the Grantor's right, title and interest in:
- (i) the following Tenements which collectively comprise what has been called the Dingo Range Project (but in this Prospectus is referred to as Melrose) namely:

Exploration Licence 37/379

Exploration Licence Application 37/794

Mining Lease 37/0108

Mining Lease 37/0519

Mining Lease Application 37/1167

which includes any Tenements issued in substitution for the above (collectively the "Melrose Tenements"); and

- (ii) all mining information relating to the Melrose Tenements in the care, custody or control of the Grantor; and
- (b) the sole and exclusive right to carry out exploration on the Melrose Tenements during the Option Period.

The Option has been granted in consideration of the option fee paid to the Grantor by the Company of \$5,000.

The Option may be exercised by the Company on or before 30 June 2005 (or on or before 30 September 2005 if the Company elects to extend the option period by paying the Grantor a non-refundable amount of \$30,000 ("Extension Fee")) ("Option Period") for \$550,000 satisfied by:

- (a) the payment to the Grantor of \$50,000 (less the Extension Fee if any); and
- (b) the allotment and issue of 5,000,000 fully paid ordinary shares in the Company.

Settlement of the sale and purchase of the Melrose Tenements is conditional upon:

- (a) Australian Stock Exchange Limited ("ASX") approving quotation of the Company's shares and options on the Official List of Australian Stock Exchange Limited prior to the expiration of the Option Period (as referred to above); and
- (b) the receipt of such consents and approvals as may be required under the Mining Act (WA).

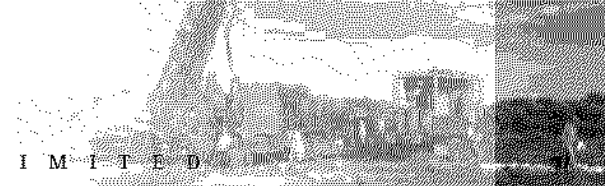
The Company must use its best endeavours to obtain the above approval and consents in a timely manner.

Prior to settlement the Grantor must provide the Company, immediately upon receipt, copies of all notices, requisitions or other documents in respect of the Melrose Tenements and hold the Melrose Tenements in good standing and act in a responsible, reasonable and prudent manner in relation thereto.

If at settlement, any rights of the Grantor as legal or beneficial owner of the Melrose Tenements are not capable of being transferred to, conferred upon or exercised by the Company in its name, the Grantor must hold those rights in trust for the Company.

The Company has the right to lodge caveats over the Melrose Tenements to protect its interests under this Option Agreement. If the Company conducts exploration on the Melrose Tenements during the Option Period it must do so in accordance with the terms of the Mining Act (WA).

The Company will reimburse the Grantor for any rentals paid by the Grantor during the Option Period and applicable for that Option Period.



If the Company does not exercise the Option, or if the Option is terminated by the Grantor the Company shall be responsible for any rehabilitation on the Melrose Tenements as a result of the Company's activities on the Melrose Tenements during the Option Period and provide to the Grantor a report of the Company's activities on the Melrose Tenements during the Option Period and any mining information derived as a result of such activities.

Under the Short Form Agreement referred to above the shares to be issued to Discovery in the event of any exercise of the Option shall, be subject to an escrow period of 12 months.

C. BATCHELOR JOINT VENTURE

By Agreement ("JV Agreement") dated 20 February 2004 ("Commencement Date") Ausmet Resources Limited entered into a joint venture agreement with Savanna Mineral Resources Pty Ltd ("Savanna") and New World Alloys Limited ("New World") in respect of the following:

- (a) Exploration Licences 9253 and 9501;
- (b) Exploration Retention Licence 134;
- (c) Mineral Leases (North) 512 – 515, 542 and 543;
- (d) Application for Mineral Lease (North) 1984;
- (e) Application for Authorities (North) 495 and 515; and
- (f) any tenements issued in substitution of any of the above Tenement

which such JV Agreement established the Batchelor Joint Venture.

New World was a party to the JV Agreement only insofar as it guaranteed and indemnified Ausmet in respect of the due and punctual performance by Savanna of all terms, covenants, conditions and obligations of the part of Savanna to be performed, observed or given under the JV Agreement.

The JV Agreement was amended by letter dated 7 March 2005 as between Ausmet, Savanna and New World insofar as the payment of \$30,000 which was required under the JV Agreement to be paid to Savanna in February 2005 has been extended until 20 February 2006.

Under the JV Agreement Ausmet had the right to earn a 60% participating interest in the JV Tenements by sole funding the first \$600,000 of exploration costs in respect of the JV Tenements within 4 years.

By Deed of Assignment made 14 March 2005 as between Ausmet, Savanna, New World and Discovery Capital Limited ("Discovery"), Ausmet with the consent of Savanna and New World assigned all its interests in the JV Agreement to Discovery.

Subsequent to the assignment to Discovery referred to above, the Company and Discovery entered into a Deed of Assignment dated 26 March 2005 pursuant to which all the interests of Discovery in the Batchelor Joint Venture were assigned to the Company.

The assignment of the Batchelor Joint Venture interest to the Company is subject to and conditional upon:

- (a) the Company receiving the approval of assignment from Savanna and New World;
- (b) the Company receiving such consents and approvals as may be required under the mining legislation of the Northern Territory; and
- (c) Australian Stock Exchange Limited approving quotation of the shares of the Company prior to 30 June 2005 (or 30 September 2005 if the Option Period as described in Part B of this Schedule 2 being the Option Agreement in relation to the Melrose Tenement is extended until 30 September 2005).

Savanna and New World have approved the assignment by virtue of executing the Deed of Assignment of 24 March 2005.

When the assignment becomes effective, the Company shall have the same rights, liabilities and obligations of Ausmet as if it had initially entered into the JV Agreement save and except it shall not be responsible for anything prior to the effective date. The obligation of the Company shall include making the \$30,000 payment on or before 20 February 2006 as referred to above.

Under the JV Agreement the Company shall continue as the initial manager of the joint venture ("Manager") which was a role carried out by Ausmet and subsequently Discovery. The Manager shall by itself or through its employees, agents or contractors, have the conduct of all joint venture operations on behalf of the parties and shall for that purpose have possession and control of the joint venture properties.

While the Company is sole funding all exploration costs it shall conduct the joint venture operations as it sees fit but subject always to the Manager's general duties, including its duties to comply with all statutory obligations, keep appropriate books of account and records and prepare quarterly summaries of expenditure and operations.

Once the Company has completed its sole funding of exploration costs, the parties shall establish a committee ("Management Committee") to, amongst other things, review the conduct of the joint venture operation by the Manager, determine the policies, nature and content of programs and budgets to be prepared by the Manager, give general direction to the Manager as to the manner in which it should carry out joint venture operations and receive and discuss reports of the Manager. Each Joint Venture party shall be entitled to appoint one person as a member of the Management Committee and voting power shall be in proportion to their respective participating interest in the joint venture from time to time as at the commencement of the relevant meeting.

The Manager may charge the joint venture with all costs, expenses and liabilities of the Manager incurred by the Manager in the performance of its duties.

The JV Agreement contains provisions which if become relevant would lead to the Manager ceasing to be the Manager. This includes the Manager resigning on 90 days notice, failing to comply with a notice of material non-compliance of its obligations under the JV Agreement, an order being made for its winding up or a receiver or external administrator appointed.

The transfer of a party's participating interest in the joint venture to a third party (other than a related body corporate) is subject to pre-emptive rights in favour of the other parties.

Joint venture contributions shall be made by the parties in accordance with their respective participating interests from time to time however parties have the right to dilute in accordance with the formula established under the JV Agreement.

A party may elect to withdraw from the joint venture by giving at least one month's written notice to the other parties, except that Ausmet was unable to withdraw until after it had expended an amount of \$75,000 on exploration costs. A party shall be deemed to have withdrawn from the joint venture if its participating interest falls below 10% pursuant to the dilution provisions in the JV Agreement.

The JV Agreement shall continue in force until there is only one remaining party or until no party holds any beneficial interest in the JV Tenements or until terminated by the unanimous agreement of the parties.

D. THROSSELL JOINT VENTURE

By Agreement ("JV Agreement") dated 24 March 2005 ("Commencement Date") the Company entered into a joint venture agreement with Discovery Capital Limited ("Discovery") in respect of the following:

- (a) Exploration Licence Application 38/1648;
- (b) Exploration Licence Application 38/1649;
- (c) Exploration Licence Application 38/1650;
- (d) Exploration Licence Application 38/1651; and
- (e) Any tenements issued in substitution of any of the above Tenements

which such JV Agreement established the Throssell Joint Venture and the above Tenements are referred to as "JV Tenements".

Under the JV Agreement the Company had the right to earn a 70% participating interest in the JV Tenements by sole funding the first \$500,000 of exploration costs in respect of the JV Tenements within 3 years of the grant of tenements.

The JV Agreement in relation to the Throssell Joint Venture is subject to and conditional upon:

- (a) the Company receiving such consents and approvals as may be required under the mining legislation of Western Australia; and
- (b) Australian Stock Exchange Limited approving quotation of the shares of the Company prior to 30 June 2005 (or 30 September 2005 if the Option Period as described in Part B of this Schedule 2 being the Option Agreement in relation to the Melrose Tenement is extended until 30 September 2005).

Under the JV Agreement the Company shall be the initial manager of the joint venture ("Manager"). The Manager shall by itself or through its employees, agents or contractors, have the conduct of all joint venture operations on behalf of the parties and shall for

that purpose have possession and control of the joint venture properties.

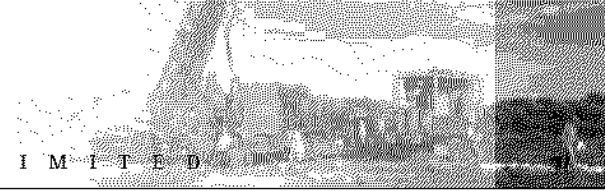
While the Company is sole funding all exploration costs it shall conduct the joint venture operations in accordance with prudent and sensible exploration practices but otherwise as it sees fit but subject always to the Manager's general duties, including its duties to comply with all statutory obligations, keep appropriate books of account and records and prepare quarterly summaries of expenditure and operations. Additionally while the Company is sole funding exploration costs it shall also expend such sums on Exploration Expenditure (as defined in the JV Agreement) as are necessary under the Mining Act (WA) to keep the JV Tenements in good standing.

If any party to the Joint Venture, at any time during the term of the Joint Venture, acquires directly or indirectly any interest in any ground within what is described within the JV Agreement as the Exploration Sphere of Influence then that party shall offer to the Joint Venture the opportunity to acquire that interest at any reasonable cost incurred by the party acquiring the interest. Decisions in relation to whether the Joint Venture will avail itself of the opportunity to acquire the interest shall be determined by the Company solely during the period in which it is the sole contributor to exploration costs but thereafter by the Management Committee with the party that has the interest in the areas within the said Exploration Sphere of Influence not being entitled to vote. The "Exploration Sphere of Influence" is defined under the JV Agreement to mean the area extending for 10 kilometres from all external boundaries of the JV Tenements as at the Commencement Date and includes all land below the surface of that area.

Once the Company has completed its sole funding of exploration costs, the parties shall establish a committee ("Management Committee") to, amongst other things, review the conduct of the joint venture operation by the Manager, determine the policies, nature and content of programs and budgets to be prepared by the Manager, give general direction to the Manager as to the manner in which it should carry out joint venture operations and receive and discuss reports of the Manager. Each Joint Venture party shall be entitled to appoint one person as a member of the Management Committee and voting power shall be in proportion to their respective participating interest in the joint venture from time to time as at the commencement of the relevant meeting.

The Manager may charge the joint venture with all costs, expenses and liabilities of the Manager incurred by the Manager in the performance of its duties and is entitled to an overhead charge of 15% calculated in accordance with a defined Accounting Procedure (under the JV Agreement) on exploration expenditure.

The JV Agreement contains provisions which if become relevant would lead to the Manager ceasing to be the Manager. This includes the Manager resigning on 90 days notice, failing to comply with a notice of material non-compliance of its obligations under the JV Agreement, an order being made for its winding up or a receiver or external administrator appointed.



The transfer of a party's participating interest in the joint venture to a third party (other than a related body corporate) is subject to pre-emptive rights in favour of the other parties.

After the Company ceases to be the sole contributor to exploration expenditure, Joint Venture contributions shall be made by the parties in accordance with their respective participating interests from time to time however parties have the right to dilute in accordance with the formula established under the JV Agreement.

A party may elect to withdraw from the Joint Venture by giving at least one month's written notice to the other parties, except that the Company is unable to withdraw until after it had expended an amount of \$75,000 on exploration costs. A party shall be deemed to have withdrawn from the Joint Venture if its participating interest falls below 5% pursuant to the dilution provisions in the JV Agreement and its interest shall revert to a 1.5% net profit interest which is to be calculated in accordance with Australian Accounting Standards.

The JV Agreement shall continue in force until there is only one remaining party or until no party holds any beneficial interest in the JV Tenements or until terminated by the unanimous agreement of the parties.

E. MT ELEPHANT JOINT VENTURE

By Agreement ("JV Agreement") dated 8 April 2005 ("Commencement Date") the Company entered into a joint venture agreement with Renaissance Corporation Pty Ltd ("Renaissance") in respect of the following:

- a) Exploration Licence 08/1378;
- b) Exploration Licence 08/1379;
- c) any tenements issued in substitution of any of the above Tenements

which such JV Agreement established the Mt Elephant Joint Venture and the above Tenements are referred to as "JV Tenements".

Under the JV Agreement the Company had the right to earn a 70% participating interest in the JV Tenements by sole funding the first \$500,000 of exploration costs in respect of the JV Tenements within 3 years.

The JV Agreement in relation to the Mt Elephant Joint Venture is subject to and conditional upon the Company receiving such consents and approvals as may be required under the mining legislation of Western Australia. In the event that consents and approvals are required under the Mining Act (WA) and the same are not obtained within 2 months of the Commencement Date (or by such other date as the parties to the JV Agreement may agree) the JV Agreement shall be at an end. This condition is for the benefit of the Company which is at liberty to waive the same and in the event that it does so waiver (in writing) then the condition shall be deemed to have been satisfied.

Under the JV Agreement the Company shall be the initial manager of the joint venture ("Manager"). The Manager shall by itself or through its employees, agents or contractors, have the conduct of all joint venture operations on behalf of the parties and shall for that purpose have possession and control of the joint venture properties.

While the Company is sole funding all exploration costs it shall conduct the joint venture operations in accordance with prudent and sensible exploration practices but otherwise as it sees fit but subject always to the Manager's general duties, including its duties to comply with all statutory obligations, keep appropriate books of account and records and prepare quarterly summaries of expenditure and operations. Additionally while the Company is sole funding exploration costs it shall also expend such sums on Exploration Expenditure (as defined in the JV Agreement) as are necessary under the Mining Act (WA) to keep the JV Tenements in good standing.

If any party to the Joint Venture, at any time during the term of the Joint Venture, acquires directly or indirectly any interest in any ground within what is described within the JV Agreement as the Exploration Sphere of Influence then that party shall offer to the Joint Venture the opportunity to acquire that interest at any reasonable cost incurred by the party acquiring the interest. Decisions in relation to whether the Joint Venture will avail itself of the opportunity to acquire the interest shall be determined by the Company solely during the period in which it is the sole contributor to exploration costs but thereafter by the Management Committee with the party that has the interest in the areas within the said Exploration Sphere of Influence not being entitled to vote. The "Exploration Sphere of Influence" is defined under the JV Agreement to mean the area extending for 10 kilometres from all external boundaries of the JV Tenements as at the Commencement Date and includes all land below the surface of that area.

Once the Company has completed its sole funding of exploration costs, the parties shall establish a committee ("Management Committee") to, amongst other things, review the conduct of the joint venture operation by the Manager, determine the policies, nature and content of programs and budgets to be prepared by the Manager, give general direction to the Manager as to the manner in which it should carry out joint venture operations and receive and discuss reports of the Manager. Each Joint Venture party shall be entitled to appoint one person as a member of the Management Committee and voting power shall be in proportion to their respective participating interest in the joint venture from time to time as at the commencement of the relevant meeting.

The Manager may charge the joint venture with all costs, expenses and liabilities of the Manager incurred by the Manager in the performance of its duties and is entitled to an overhead charge of 15% calculated in accordance with a defined Accounting Procedure (under the JV Agreement) on exploration expenditure.

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The JV Agreement contains provisions which if become relevant would lead to the Manager ceasing to be the Manager. This includes the Manager resigning on 90 days notice, failing to comply with a notice of material non-compliance of its obligations under the JV Agreement, an order being made for its winding up or a receiver or external administrator appointed.

The transfer of a party's participating interest in the joint venture to a third party (other than a related body corporate) is subject to pre-emptive rights in favour of the other parties.

After the Company ceases to be the sole contributor to exploration expenditure Joint Venture contributions shall be made by the parties in accordance with their respective participating interests from time to time however parties have the right to dilute in accordance with the formula established under the JV Agreement.

A party may elect to withdraw from the Joint Venture by giving at least one month's written notice to the other parties, except that the Company is unable to withdraw until after it had expended an amount of \$40,000 on exploration costs and paid \$2,772 in relation to rent on the JV Tenements. A party shall be deemed to have withdrawn from the Joint Venture if its participating interest falls below 5% pursuant to the dilution provisions in the JV Agreement and its interest shall revert to a 1.5% net profit interest which is to be calculated in accordance with Australian Accounting Standards.

The JV Agreement shall continue in force until there is only one remaining party or until no party holds any beneficial interest in the JV Tenements or until terminated by the unanimous agreement of the parties.

7. RISK FACTORS



7. RISK FACTORS

7.1 INTRODUCTION

An investment in the Company is not risk free and prospective Investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 ECONOMIC RISKS

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

7.3 MARKET CONDITIONS

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resource stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

7.4 EXPLORATION SUCCESS

The mineral tenements of the Company as described in this Prospectus are at various stages of exploration, and potential investors should understand that mineral exploration and development are speculative undertakings.

There can be no assurance that exploration of the project areas described in this Prospectus, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no certainty that it can be economically exploited.

7.5 OPERATING RISKS

The operations of the Company may be affected by various factors, including, without limitation, failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortage or increases in the costs of consumables, spare parts, plant and equipment.

Although the Company has been incorporated since March 1998, it should be noted that no assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests.

7.6 RESOURCE ESTIMATES

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates may change. This could result in alterations to development and mining plans, which may, in turn, adversely affect the Company's operations.

7.7 COMMODITY PRICE AND EXCHANGE RATE RISKS

If the Company achieves exploration success leading to mineral production, the revenue it will derive through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

7.8 ENVIRONMENTAL RISKS

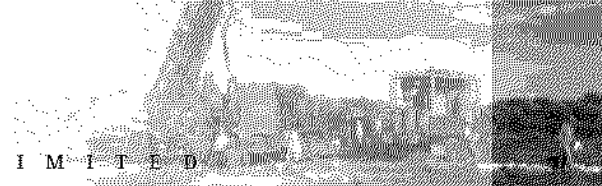
The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

7.9 TITLE RISKS AND NATIVE TITLE

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or interest in, tenements if licence or lease conditions are not met or if insufficient funds are available to meet expenditure commitments.

In addition, the Company cannot guarantee that those tenements that are still at application stage will ultimately be granted in whole or in part pursuant to appropriate mining legislation in the Northern Territory and Western Australia.

It is also possible that, in relation to tenements which the



Company has an interest in, or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

7.10 ONGOING CAPITAL REQUIREMENTS

The Company believes that the net proceeds of the Offer will be adequate to fund the exploration of the existing projects and other Company objectives as outlined in this prospectus.

However the Company is dependant upon being able to obtain future equity or debt funding to support longer term exploration and objectives.

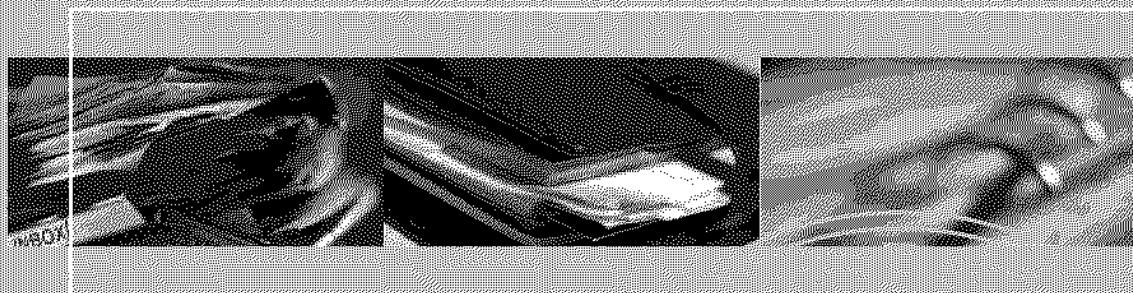
The Company's ability to raise further capital will vary according to a number of factors including the share market and industry conditions, the exploration results achieved and the prospectivity of the Company's existing and future projects.

Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.



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8. ADDITIONAL INFORMATION



8. ADDITIONAL INFORMATION

8.1 EXECUTIVE CHAIRMAN

Andrej Karpinski who is the Executive Chairman of the Company will make himself available to continue in this position for a period of at least 3 years following the admission of the Company to the Official List of ASX. The Board will consider at that time separation of the executive and non-executive duties of the Chairman and the creation of positions of Chief Executive Officer and Non-Executive Chairman.

8.2 DISCLOSURE OF INTERESTS

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interest in Shares as set out in the table below:

Director	Shares
Andrej K. Karpinski	10,364,806
Malcolm J. McKenzie	3,814,282
Rodney H. J. Skeet	303,703

Andrew Teo, who is an alternate director for Malcolm McKenzie has a relevant interest in 600,000 Shares.

Of the Shares referred to in this Section 8.2, the following were issued as detailed below:

- (a) on 31 January 2005, 100,000 Shares at 10 cents each to Chancery Holdings Pty Ltd, an entity associated with Malcolm McKenzie a director of Korab;
- (b) on 31 March 2005:
 - (i) 164,285 Shares to the said Chancery Holdings Pty Ltd at 1 cent per Share following the exercise of options which such options were part of a rights issue of shares and options made to all the then Shareholders of Korab on 8 May 2003;
 - (ii) 100,000 Shares at 10 cents each to the said Chancery Holdings Pty Ltd;
 - (iii) 9,259 Shares to Rodney H J Skeet, a director of Korab, at 1 cent per Share following the exercise of options which such options were part of a rights issue of shares and options made to all the then Shareholders of Korab on 8 May 2003; and
 - (iv) 100,000 Shares at 10 cents each to Rodney H J Skeet, a director of Korab.

8.3 REMUNERATION

The aggregate remuneration payable to non-executive Directors has been set at an amount not to exceed \$120,000 per annum.

Mr Karpinski is the only executive director of the Company. His remuneration will be fixed by resolution of the Directors. The remuneration of any future executive Directors will be fixed by the Directors and may be paid by way of fixed salary. As at the date of this Prospectus, the Company does not have any commitments or contractual obligation with respect to executive Directors, other than as detailed in Sections 8.1, 8.3 and 8.4 of this Prospectus.

The Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors. A Director may also be paid additional amounts as fees or as the Directors determine where a Director performs extra services or makes any special exertions, which in the opinion of the Directors are outside the scope of the ordinary duties of a Director.

8.4 FEES AND BENEFITS

Other than as set out below or elsewhere in this Prospectus, no:

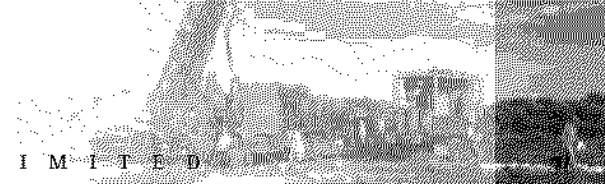
- a) director or proposed director of the Company;
 - b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;
 - c) promoter of the Company; or
 - d) financial services licensee named in the Prospectus as a financial services licensee involved in the Offer,
- has, or had within 2 years before lodgement of this Prospectus with ASIC, any interest in:
- a) the formation or promotion of the Company;
 - b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or
 - c) the offer of Shares under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

Stanton Partners Corporate Pty Ltd has acted as the Independent Accountant and has prepared an Independent Accounts' Report which has been included in Section 5 of this Prospectus. The Company estimates it will pay Stanton Partners Corporate Pty Ltd a total of \$5,000 (inclusive of goods and services tax) for these services. Any fees subsequent to this will be charged in accordance with normal charge out rates. Stanton Partners Corporate Pty Ltd have received no fees for other services provided to the Company since its incorporation on 13 March 1998.

Anthony Kiernan has acted as the Solicitor to the Company in relation to the Offer and has prepared the Solicitor's Report on Tenements which has been included in Section 6 of this Prospectus. The Company estimates it will pay Anthony Kiernan \$10,000 (inclusive of goods and services tax) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. Since incorporation of the Company on 13 March 1998, Anthony Kiernan has not received any fees for any other legal services.

Malcolm Castle has prepared an Independent Geologist's Report which has been included in Section 4 of this Prospectus. The Company estimates it will pay Malcolm Castle a total of \$6,000 (inclusive of goods and services tax) for these services. Since incorporation of the Company on 13 March 1998, Malcolm Castle has not received any fees for any other geological consultancy services.



8.5 CONSENTS

Each of the parties referred to in this section:

- a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to their name and a statement included in this Prospectus with the consent of that part as specified in this section.

Andrew Boon San Teo has given his written consent to be named as an alternate director to Malcolm J. McKenzie in the form and context in which it appears in Section 3.

Stanton Partners Corporate Pty Ltd has given its written consent to be named an Independent Accountant to the Company in this Prospectus and to the inclusion of the Independent Accountant's Report in Section 5 in the form and context in which the report is included and all statements referring to that report in the form and context in which they appear in this Prospectus. Stanton Partners Corporate Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Anthony Kiernan has given his written consent to be named as solicitor to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements in Section 6 in the form and context in which the report is included and all statements referring to that report in the form and context in which they appear in this Prospectus. Anthony Kiernan has not withdrawn his consent prior to lodgement of this Prospectus with the ASIC.

Malcolm Castle has given his written consent to be named an Independent Consulting Geologist in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 4 in the form and context in which the report is included and all statements referring to that report in the form and context in which they appear in this Prospectus. Malcolm Castle has not withdrawn his consent prior to lodgement of this Prospectus with the ASIC.

Advanced Share Registry Services has given its written consent to being named as the Company's Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

CP Sharkey and Co has given its written consent to being named as Auditor to the Company in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

8.6 MATERIAL CONTRACTS

The Solicitor's Report in Section 6 contains a Summary of Material Contracts that have been entered into by the Company being:

- Short Form Agreement made 24 March 2005 with Discovery Capital Limited
- Option Agreement made 24 March 2005 with Discovery Capital Limited on the Melrose Project
- Deed of Assignment made 24 March 2005 in relation to the Batchelor Joint Venture
- Throssell Joint Venture Agreement made 24 March 2005 with

Discovery Capital Limited

- Mt Elephant Joint Venture Agreement made 8 April 2005 with Renaissance Corporation Pty Ltd

The Directors consider that all the contracts summarised therein are material and should be considered by Investors. As those Material Contracts are summarised in the said Solicitor's Report in Section 6, this Section 8.6 of the Prospectus does not repeat the Summary.

8.6.1 Executive Service Agreement

There are no executive services agreements other than that referred to in Section 8.1 pursuant to which Mr Karpinski has made himself available to continue as the Executive Chairman of the Company for a period of at least 3 years following its admission to the Official List of ASX.

8.6.2 Consultancy Agreement

There are no consultancy agreements.

8.6.3 Deeds of Indemnity, Insurance and Access

The Company has entered into, or will enter into, a deed of indemnity and insurance and access with each of the Directors and the Company Secretary (Deeds).

Under the Deeds, the Company will indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company.

Under the Deeds, the Company is required to maintain insurance policies for the benefit of the relevant officer for the term of the appointment and for a period of 7 years after retirement or resignation.

The Deeds also provide for the right to Directors to access Board papers for a period of 7 years following retirement or resignation.

8.7 RIGHTS ATTACHING TO SHARES

The following are the more important rights, privileges and restrictions attaching to the Shares offered for subscription by this Prospectus:

- a) subject to any special rights or restrictions for the time being attached to any class or classes of Shares in the Company (at present there are none), at a general meeting every Shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and, on a poll, one vote for each Share held;
- b) each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act or the Listing Rules;
- c) subject to any special rights of the holders of any Shares as to a dividend (at present there are none), any dividend declared shall be payable on all Shares in proportion to the amount paid up or credited as paid up in respect of such Shares;

- d) subject to the rights of holders of Shares with special rights in a winding-up (at present there are none), on a winding-up of the Company all monies and property that are to be legally distributed among holders of Shares will be distributed so that, to the greatest extent possible, the amount distributed is in proportion to the Shares held by Shareholders respectively, irrespective of the amounts paid up or credited as paid up in respect of the Shares. At the commencement of the winding-up, Shares classified by ASX as restricted securities shall rank, on a distribution of assets to Shareholders, after all other Shares; and
- e) subject to the Constitution, the Corporations Act and the Listing Rules, Shares are freely transferable.

8.8 RESTRICTED SECURITIES

ASX has indicated that certain existing security holders may be required to enter into agreements, which restrict dealings in Shares held by them. These agreements will be entered into in accordance with the Listing Rules. Investors should also refer to Sections 2.11 and 2.12.

8.9 EXPENSES OF THE OFFER

The total expenses of the Offer assuming full subscription are estimated to be approximately \$ 260,000 made up as follows:

	Amount
Commission to Brokers *	\$150,000
ASIC and ASX fees	\$45,000
Legal fees	\$10,000
Independent Accountant's fees	\$5,000
Independent Consulting Geologist's fees	\$6,000
Printing and associated costs	\$13,000
Miscellaneous expenses	\$31,000
Total	\$260,000

* Assuming Offer is fully subscribed and a fee of 5% is payable on all Applications received (and accepted by the Company).

Some of the above amounts are inclusive of goods and services tax, which must be absorbed by the Company pursuant to current taxation laws on deemed financial services.

8.10 LITIGATION

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours free of charge at the Company's registered office, for a period of 12 months from the date of this prospectus:

- * Constitution of the Company
- * Material Contracts
- * The consents referred to in this Prospectus

8.12 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with the ASIC and the issue of Shares in response to an electronic application form subject to compliance with certain provisions.

If you have received this Prospectus as an electronic prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, you can access the entire prospectus at www.korabresources.com.au/prospectus or you may e-mail the Company at prospectus@korabresources.com.au and the Company will send you free of charge either a hard copy or a further electronic copy of the Prospectus, or both.

8.13 TAXATION

The taxation obligations and the effects of participating in the Offer can vary depending on the circumstances of each individual investor, the particular circumstances relating to their respective holdings of securities and the taxation laws applicable to investors as residents of different jurisdictions.

It is the responsibility of individual investors to inform themselves of their respective taxation positions resulting from participation in this Offer.

8.14 ASX LISTING RULES

If the Company is admitted to the Official List of ASX, then despite anything in the Constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

8.15 INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods commencing from 1 January 2005 the Company must comply with Australian equivalents of International Financial Reporting Standards ("IFRS") as issued by the Australian Accounting Standards Board.

The Independent Accountant prepared its Report in accordance with Australian Accounting Standards. That Report sets out the differences in accounting policies that are expected to arise from the Company adopting IFRS.

9. DIRECTOR'S AUTHORISATION



9. DIRECTORS' AUTHORISATION

This Prospectus is issued by Korab Resources Limited and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

The Directors of Korab Resources Ltd state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that the persons making the statements were competent to make such statements, those persons have given their consent to such statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC.

This Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Signed for and on behalf of Korab Resources Limited

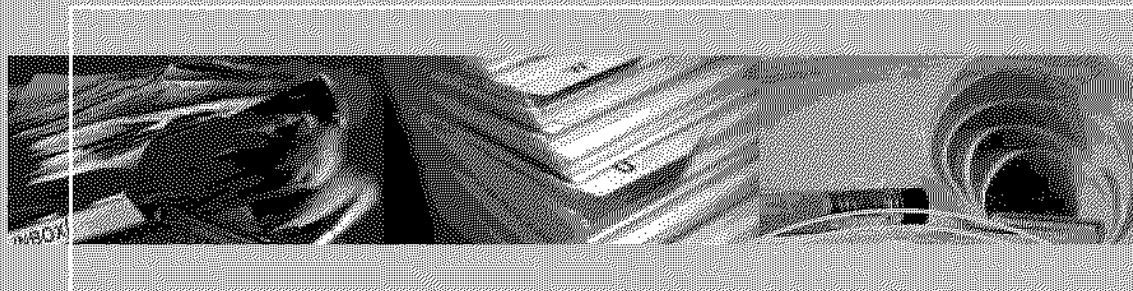


Andrej K. Karpinski

Chairman

Dated 26 May 2005

10. GLOSSARY OF WORDS AND TERMS



10. GLOSSARY OF WORDS AND TERMS

WHERE THE FOLLOWING TERMS ARE USED IN THIS PROSPECTUS THEY HAVE THE FOLLOWING MEANINGS:

A\$ or \$ means an Australian dollar.

Application Form means the application form attached to and forming part of this Prospectus.

Application means a valid application to subscribe for Shares.

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

Board means the board of Directors of the Company as constituted from time to time.

Business Day has the meaning given to that term in the Listing Rules.

Closing Date means the closing date for receipt of Acceptance Forms under this Prospectus, being 5.00 pm (WST) on 1 July 2005 or an extended date as set by the Board.

Company means Korab Resources Limited (ABN 082 140 252)

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company at the date of this Prospectus.

Exposure Period means the period of seven (7) days after the date of lodgement of this Prospectus with the ASIC, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

Founders and Vendors Shares means Shares issued between March 1998 and December 2004 including shares issued on incorporation.

Korab means Korab Resources Limited (ACN 082 140 252)

Korab Shareholders means holders of Korab Shares.

Korab Shares means fully paid ordinary shares in the capital of Korab.

Listing Rules means the official Listing Rules of ASX.

Material Contracts means the contracts and agreements referred to in Section 8.6.

Minimum Subscription means the minimum subscription referred to in Section 2.2.

Offer means the offer of Shares pursuant to this Prospectus as outlined in Section 32.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Opening Date means the opening date for receipt of Application Forms under this Prospectus on 3 June 2005.

Option means an option to subscribe for one Share, exercisable at \$0.01 Per Share on or before 30 June 2006.

Prospectus means this prospectus dated 26 May 2005

Seed Shares means Shares issued between January 2005 and April 2005.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Advanced Share Registry Services (ABN 51 736 575 978)

Shareholder means a holder of Shares.

Tenements means those tenements referred to in Schedule 1 of Section 6 – Solicitor's Report on Tenements, of this Prospectus.

WST means Western Standard Time, Perth, Western Australia.

Broken Stamp

Share Registrar Use Only

1/We apply for:

[illegible]

I/We lodge full application monies of:

[illegible][illegible][illegible][illegible]

Street Number Street

[illegible]

State Post Code

[illegible]

Telephone number – Business hours

[illegible]

Telephone number – After hours

[illegible][illegible]

Applicant #3

Drawer

BSB

Amount of cheque

By indicating this Application Form:

I/We have read and understood this Prospectus to which this Application Form relates and agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company:

I/We have received personally a copy of the Prospectus accompanied by or attached to this Application Form or a copy of the Application Form or a direct derivative of the Application Form before applying for Shares.

NO SIGNATURE IS REQUIRED ON THIS FORM

(See application instructions overleaf)

This Application Form relates to the Offer of 15,000,000 Shares in Korab Resources Limited pursuant to the Prospectus dated 26 May 2005.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

Insert the number of shares that you wish to apply. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 2,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

Applications for Shares must be accompanied by the application money of 20 cents per Share (in Australian currency). Cheques should be made payable to "Korab Resources Limited - Share Issue Account" and crossed "Not Negotiable".

LOGGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to: OR

Korab Resources Limited
C/- Advanced Share Registry Services
PO Box 1156
Nedlands WA 6909

Delivered to:

Korab Resources Limited
C/- Advanced Share Registry Services
110 Stirling Hwy
Nedlands WA 6009

Applications must be received by no later than 5 pm WST on the Closing Date (1 July 2005).

BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are already a Broker Sponsored participant in this system, you may complete this section or forward a signed Application Form to your sponsoring broker for completion prior to lodgement. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities including Shares. Applications must be in the name(s) of a natural person(s), companies and other legal entities acceptable to Korab Resources Limited. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable titles.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint holdings Use full and complete names	Mr John Alfred Smith & Michelle Susan Smith	John Alfred & Michelle S Smith
Trusts Use trustee(s) personal name(s)	Mr John Alfred Smith <John Smith Family A/C>	John Smith Family Trust
Deceased Estates Use the executor(s) personal name(s) <Estate Frank William Smith>	Mr John Alfred Smith and Michelle Susan Smith	Estate of Late Frank Smith or Frank Smith deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners' names. Do not use the name of the partnership	Mr John Alfred Smith and Mr Michael John Smith <John Smith and Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies (Business Names) Use office bearer(s) personal name(s). Do not use the names of clubs etc.	Mr John Alfred Smith {ABC Tennis Association A/C>}	ABC Tennis Association
Superannuation Funds Use the name of trustee of the fund. Do not use the name of the fund	John Smith Pty Ltd (Super Fund A/C>)	John Smith Pty Ltd Superannuation Fund

Bookers Stamp

State Register Use Data

1/We apply for:

[illegible]

I/We lodge full application monies of:

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

Amount of cheque

[illegible][illegible]

By lodging this Application Form:

(f) We declare that all details and statements made by me/us are complete and accurate:

I/We have read and understood this Prospectus to which this Application Form relates and agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company:

(We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.)

We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and

(f) We have received personally a copy of the Prospectus accompanied by or attached to this Application Form or a copy of the Application Form or a direct derivative of the Application Form before applying for Shares.

(We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Korab and that no notice of acceptance of the application will be provided.)

NO SIGNATURE IS REQUIRED ON THIS FORM

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 26 MAY 2005 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS. IN THE EVENT THAT I/WE RECEIVE THIS PROSPECTUS ELECTRONICALLY VIA THE INTERNET, I/WE DECLARE THAT I/WE HAVE RECEIVED THIS PROSPECTUS PERSONALLY, OR A PRINT OUT OF IT, ACCOMPANIED BY OR ATTACHED TO THIS APPLICATION FORM PRIOR TO APPLYING FOR SHARES.

(See application instructions overleaf)

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Trusts Use trustee(s) personal name(s)	Mr John Alfred Smith <John Smith Family A/C>	John Smith Family Trust
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Superannuation Funds Use the name of trustee of the fund. Do not use the name of the fund	John Smith Pty Ltd (Super Fund A/C>)	John Smith Pty Ltd Superannuation Fund



KORAB RESOURCES LIMITED

ACN 082 140 252

PO Box 8679

Perth Business Centre

Perth WA 6849

www.korabresources.com.au