



**QUARTERLY ACTIVITY REPORT**  
**For the 3 months ended**  
**31 December 2005**

**FOR FURTHER INFORMATION CONTACT**

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**HIGHLIGHTS**

- **Korab Resources has \$2.6 Mln cash and no debt.**
- **Tight capital structure with only 45 Mln shares on issue.**
- **Rapidly growing portfolio of gold, magnesium, uranium and base metals projects in Western Australia and the Northern Territory.**
- **Infill drilling program at Melrose gold project in Western Australia completed in November 2005 bringing the project closer to production.**
- **Ground radiometry completed at Batchelor project in the Northern Territory.**
- **Ground electro-magnetic survey completed at Mt. Elephant project in Western Australia.**

**EXPLORATION AND DEVELOPMENT**

Korab has undertaken extensive exploration program during the December quarter of 2005 focusing on the Melrose and Mt. Elephant projects in Western Australia.

Exploration at Batchelor was limited to ground radiometry of the recently granted U-515 prospect and the south-eastern section of the Batchelor project contained within licences ERL134 and MLN512 to MLN515. Due to the early



onset of the wet season accessibility of the project area was considerably reduced, thus limiting the extent of the field work that could be undertaken.

At **Melrose**, where Korab holds over 40 km strike length of the relatively un-explored greenstone belt east of Bronzewing mine, an in-fill drilling program was completed in November 2005. The work was concentrated around Bungarra prospect which is one of the three known gold deposits at the project, the others being Boundary and Stirling. The results of this drilling program are currently being used to update the resource estimate of the central zone at Bungarra. Korab will undertake shortly a diamond drilling program of 10-12 holes for a total of 1,000-1,200 meters to provide samples which will enable determination of the optimum pit design and calculation of the economic ore reserves. Information obtained from the tests will also be used to determine the proportion of the ore to be leach-treated on site and the part to be toll treated at the Bronzewing mill.

Relatively high price of gold, which has been recently trading around AU\$750 per ounce has prompted the board to consider putting the Boundary deposit (the largest of the known gold deposits at Melrose) into production following the commencement of production at Bungarra. The decision regarding this option is likely be made over the next 4 weeks.

At **Batchelor** project, 75 kilometres south of Darwin in the Northern Territory, ground radiometry survey conducted during the December quarter has produced several anomalies. These anomalies occur both within the south-eastern section of the project and within the U-515 prospect which adjoins the historic Rum Jungle Creek South pit. The presence of anomalies confirms the uranium prospectivity of the area and will be followed-up when the field season re-commences at Batchelor in the second quarter of 2006.

At the **Mt. Elephant** project south of Paraburdoo in Western Australia, where an earlier exploration work focussing on the main gossan produced geochemical copper/gold anomaly, ground electro-magnetic survey was completed during the quarter. Preliminary results indicate disseminated sulphides near the area of the main gossan. Korab is currently reviewing the report to determine which exploration methods would be most appropriate to advance this project.

Further on the subject of the Mt. Elephant, Korab has completed an analysis of ASTER satellite images covering the area of over 2,000 square kilometres to the north-east of Mt. Elephant, where several exploration licence applications have been made last year by Korab. This evaluation has produced a number of anomalies. Consequently, Korab has requested an expedited Native Title process with regard to the exploration licence



applications containing these anomalies to enable an early grant of the relevant licences.

At **Throssell** project, which lies on the eastern limit of the Yilgarn Craton, Korab has reached an agreement with traditional owners to enable early grant of the two of the four licence applications with the aim of commencing a drilling program to test for the presence of Archaean basement underlying the area and to evaluate the gravity and magnetic targets generated by earlier work. Korab expects that drilling program will commence in the second quarter of 2006 following the grant of the licences.

There has been no work done at the **Maitland** project located immediately to the west of the Lake Maitland uranium deposit in Western Australia pending the reversion of the mining licence applications to exploration licences. The reversion legislation is expected to come into effect around the middle of February, following which Korab will apply on behalf of its joint venture partner View Resources to convert the licences and enable commencement of exploration work. It is known that part of the Lake Maitland calcretic uranium mineralisation extends onto the ground forming the joint venture between View Resources and Korab. The early focus of the exploration work will be to ascertain the extent of this intrusion and to produce targets for shallow drilling. It is envisaged that initially either ground or low level airborne radiometry will be used to produce targets for geochemical testing and for drilling.

At **Darlot East**, which is located 5 km east of the Darlot open cut and 3 km from the Darlot-Centenary underground mine, drill logging and geological mapping was completed during the quarter. Data collected in the process is currently being used to assess the optimum way of testing the magnetic and geochemical anomalies produced by the previous work on the tenements.